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City and County of San Francisco  
Meeting Minutes  
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

City Hall  
1 Dr. Carlton B.  
Goodlett Place  
San Francisco, CA  
94102-4689

Clerk: Mary Red

Wednesday, July 07, 1999

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

DOCUMENTS DEPT.

*The meeting convened at 10:10 a.m.*

JUL 09 1999

REGULAR AGENDA

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991244 [Authorizing funds for the installation of traffic signal at Eighth Avenue and Clement Street, a high-use intersection in the Inner Richmond commercial district; provide additional funds for Funston/Lincoln new traffic signal]

Supervisor Yaki

Ordinance appropriating and certifying \$78,915 for capital improvement projects (new traffic signal-contract 51 and 52) to cover 10% overage as per Administrative Code Section 6.6 or Charter Section 9.113, providing for ratification of action previously taken, Department of Public Works, for Fiscal Year 1999-2000.

6/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Kim Marschner, Supervisor Yaki's Aide; Hin Lok Kung, Public Works Department. In Support: Sofia Booker; Pat McCarthy. Amended on page 1, lines 2 and 21 to change the contract number from "52" to "50"; and on page 1, line 3, delete "or Charter Section 9.113".*

AMENDED.

Ordinance appropriating and certifying \$78,915 for capital improvement projects (new traffic signal-contract 51 and 50) to cover 10% overage as per Administrative Code Section 6.6, providing for ratification of action previously taken, Department of Public Works, for Fiscal Year 1999-2000.

RECOMMENDED AS AMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991168 [Prop J Contract, Budget Analyst Services]

Resolution concurring with the Controller's certification that Budget Analyst services can be practically performed by private contractor for lower cost than similar work services performed by City and County employees. (Clerk of the Board)

6/14/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Ed Harrington, Controller; Supervisor Ammiano; Supervisor Yee.*

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

**991062 [Prop J Contract, Jail Food Services]**

Resolution approving retroactively the Controller's certification that County Jail food service management operations for the City and County of San Francisco can practically be performed by private contractor at a lower cost for the year commencing July 1, 1999, than if work were performed by City and County employees. (Sheriff)

5/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jean Mariani, Sheriff's Department, Supervisor Yee.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991063 [Prop J Contract, Pretrial Program]**

Resolution approving retroactively the Controller's certification that the Pretrial Diversion Program for the City and County of San Francisco can practically be performed by private contractor at a lower cost for the year commencing July 1, 1999, than if work were performed by City and County employees. (Sheriff)

5/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Jean Mariani, Sheriff's Department, Supervisor Yee.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991064 [Prop J Contract, Own Recognizance Project]**

Resolution approving retroactively the Controller's certification that the San Francisco Own Recognizance Project for the City and County of San Francisco can practically be performed by private contractor at a lower cost for the year commencing July 1, 1999, than if work were performed by City and County employees. (Sheriff)

5/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jean Mariani, Sheriff's Department, Supervisor Yee.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991019 [Prop J Contract, Convention Facilities Management Services]**

Resolution concurring with Controller's certification that convention facilities management operation and services can be practically performed at Bill Graham Civic Auditorium and Moscone Center by private contractor for lower cost than similar services performed by City and County employees. (Administrative Services Department)

5/19/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jack Moerschbaeche, Director, Convention Facilities Management Services.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**990963 [License Agreement, Municipal Railway Parking]**

Resolution authorizing the retroactive license agreement renewal for parking at the Community Assembly of God Church for the Municipal Railway. (Real Estate Department)

5/12/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Harry Quinn, Real Estate Department; Supervisor Yee; Robert Olson, Municipal Railway. Opposed: Steve Currier.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991061 [Reserved Funds, Fire Department]**

Hearing to consider release of reserved funds, Fire Department, in the total amount of \$518,000 (\$102,000 from 1992 Fire Station Improvement Bond proceeds, Ordinance 8-95; \$416,000 from 1992 Fire Protection Bond proceeds, Ordinance 430-96) for renovation work at Fire Station No. 12. (Department of Public Works)

5/24/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Wong, Department of Public Works, Bureau of Architecture.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991092 [Park and Open Space Fund]**

Resolution concurring with the general recommendations of the Park and Open Space Fund for fiscal year 1999-2000, reserving approval or disapproval on specific acquisitions. (Recreation and Parks Department)

(Planning Commission Resolution No. 14823 adopted May 13, 1999, finding the program in the General Manager's Report on the 1999-2000 Park and Open Space Program to be in conformity with the Recreation and Open Space Element of the General Plan; Recreation and Park Commission Resolution 9905-081 dated May 13, 1999, adopting the General Manager's Report on the 1999-2000 Park and Open Space Program.)

6/1/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Deborah Learner, Recreation and Park Department; Supervisor Yee; Harry Quinn, Real Estate Department; Supervisor Ammiano; Supervisor Bierman.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991129 [Lease: Property owned by the City of San Francisco which is located in Fremont to be used as a playground and parking lot for a neighboring childcare center.]**

Resolution authorizing a 10-year lease of Public Utilities Commission land between the City and County of San Francisco and Gan Haw Enterprises, Inc., in (Fremont) Alameda County. (Public Utilities Commission)

6/4/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Gary Dowd, Public Utilities Commission.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991206 [Waiving Statute of Limitations with respect to payment of old, expired CCSF warrants to Steven G. Barton in the sum of \$24,034.67.]**

Resolution waiving the statute of limitations with respect to payment of certain warrants of the City and County of San Francisco, in the amount of \$24,034.67, a legal obligation of the City and County of San Francisco. (Controller)

6/16/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Ed Harrington, Controller.*

**RECOMMENDED** by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

**991207 [License Agreement Amendment: City Park to increase rate from \$70 to \$80/parking space retroactive to April 1, 1999, for 41 vehicles for DHS.]**

Resolution authorizing an amendment to license agreement for a parking lot at Colusa Place and Colton Street, San Francisco for the Department of Human Services. (Real Estate Department)

6/16/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Harry Quinn, Real Estate Department, Supervisor Yee.*

**RECOMMENDED** by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

## ADJOURNMENT

*The meeting adjourned at 10:55 a.m*

CITY AND COUNTY



OF SAN FRANCISCO

## BOARD OF SUPERVISORS

### BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

July 2, 1999

TO: Finance and Labor Committee

DOCUMENTS DEPT.

FROM: Budget Analyst

JUL 06 1999

SUBJECT: July 7, 1999 Finance and Labor Committee Meeting

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#### Item 1 – File 99-1244

Department: Department of Public Works

Item: Appropriating and certifying \$78,915 for capital improvement projects (new traffic signals – Contract Nos. 51 and 52) to cover 10 percent construction cost overruns as per Administrative Code Section 6.6 or Charter Section 9.113, providing for ratification of action previously taken by the Department of Public Works for Fiscal Year 1999-2000.

Amount: \$78,915

Source of Funds:	Federal Congestion Management	
	And Air Quality funds	\$22,650
	Proposition B Sales Tax funds	<u>\$56,265</u>
		\$78,915

Description: This supplemental appropriation ordinance seeks Board of Supervisors approval for contract change orders costing more than 10 percent of the contracted price for installing new traffic signals under Contract Nos. 50 and 51.

The original bid amount for Contract No. 50 (awarded on October 28, 1998) for new traffic signals at Funston and Lincoln Avenues, and conduits along portions of Lincoln Way and Kezar Drive, was \$181,600, with a contingency of \$18,160, for a total of \$199,760. Change orders for extra work, materials, and supplies have generated an expenditure of \$22,650 (11.3 percent) more than the total bid and contingency amount of \$199,760. If approved, total Contract No. 50 expenditures would amount to \$222,410.

The original bid amount for Contract No. 51 (awarded on November 24, 1998) for the installation of traffic lights at eight intersections was \$452,400, with a contingency of \$45,140, for a total of \$497,540. The contract was amended in May 1999 by an additional amount of \$146,195 to fund the installation of traffic signals at two additional intersections. The \$146,195 amount was approved by the Board of Supervisors in a supplemental appropriation ordinance (File 99-0669). The proposed installation of traffic signals at a third additional intersection (Eighth Avenue and Clement Street) would generate an additional expenditure of \$56,265 (11.3 percent) more than the total original bid and contingency amount of \$497,540. If approved, total Contract No. 51 expenditures would amount to \$700,000.

The Department of Public Works proposes to pay for the \$78,915 in contract change orders with previously appropriated Federal Congestion Management and Air Quality Program funds (\$22,650 for Contract No. 50) and previously appropriated Proposition B Sales Tax funds (\$56,265 for Contract No. 51). Section 6.6 of the Administrative Code requires that expenditures for work in excess of 10 percent above the bid amount of a unit-cost contract should be provided for by a supplemental appropriation. The contract change orders for both Contract Nos. 50 and 51 represent 11.3 percent increases over the contracts' total bid amounts and contingencies. Therefore, the Department now requests Board of Supervisors approval of this proposed supplemental appropriation ordinance.

**Comments:**

1. Mr. Nelson Ogimoto of the Department of Public Works advises that this resolution incorrectly references Contract No. 50 as Contract No. 52.
2. Mr. Ted Lakey of the City Attorney's Office states that the resolution's reference to Charter Section 9.113 is unnecessary.

**Recommendations:**

1. In accordance with Comments 1 and 2 above, amend the resolution to substitute Contract No. 50 for Contract No. 52, and to delete the reference to Charter Section 9.113.
2. Approve the proposed resolution as amended.



Item 3 – File 99-1062

**Department:** Sheriff

**Item:** Resolution retroactively concurring with the Controller's certification that County Jail Food Service Management operations for the City and County of San Francisco can continue to be practically performed by a private contractor at a lower cost for the year commencing July 1, 1999, than if work were performed by City and County employees.

**Services to be Performed:** County Jail Food Service Management

**Description:** Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for Jail Food Service Management services for FY 1999-2000 would result in estimated savings as follows:

	Lowest Salary Step	Highest Salary Step
<u>City-Operated Service Costs</u>		
Salaries	\$977,307	\$1,156,704
Fringe Benefits	<u>265,393</u>	<u>292,982</u>
Total	\$1,242,700	\$1,449,686
<u>Contractual Services Cost</u>	<u>941,614</u>	<u>941,614</u>
<u>Estimated Savings</u>	<u>\$301,086</u>	<u>\$508,072</u>

**Comments:** 1. Jail Food Service Management services consist of the administrative oversight and provision of meals at the six County jails.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

2. Jail Food Service Management services were first certified, as required under Proposition J (Charter Section 10.104), in 1980 and have been continuously provided by an outside contractor since that time.

3. The current five-year contract with Aramark Correctional Services expires on December 1, 1999. According to Ms. Jean Mariani, Budget Manager for the Sheriff's Department, the Department wishes to exercise the option for a one-year contract extension and is presently in negotiations with Aramark. The contract extension would commence December 2, 1999 for a period up to one year. According to Ms. Mariani, the contract will be put out for competitive bid in early 2000.

4. The Contractual Services Cost used for the purpose of this analysis is based on Aramark Correctional Services' projected FY 1999-2000 costs to provide County Jail Food Services Management services.

5. The estimated FY 1999-2000 Contractual Services Cost of \$941,614 is \$140,014 or 17.5 percent more than the FY 1998-99 cost of \$801,600. According to Ms. Jean Mariani, Budget Manager for the Sheriff's Department, the 17.5 percent increase in the contract cost can be directly attributed to inmate population growth and cost of living adjustments (COLAs). A review conducted in FY1998-99 by the Budget Analyst verified this increase in jail population.

6. The Controller's supplemental questionnaire with the Department's responses is shown attached to this report.

**Recommendation:** Approve the proposed resolution.

## CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Sheriff

CONTRACT SERVICES: Aramark Correctional Services – Food Contract

CONTRACT PERIOD: July 1, 1999 – June 30, 2000

- (1) Who performed the activity/service prior to contracting out? City employees, including a Food Service Administrator, Chefs and Cook, provided this service prior to 1980.
- (2) How many City employees were laid off as a result of contracting out? None.
- (3) Explain the disposition of employees if they were not laid off. The Food Service Administrator's position was vacant; 5 Chefs and 1 Cook were hired by departments with similar classifications. The Mayor's Office deleted the positions from the FY 1994-95 budget.
- (4) What percentage of City employees' time is spent of services to be contracted out? None.
- (5) How long have the services been contracted out? Since 1980.  
Is this likely to be a one-time or an ongoing request for contracting out?  
On-going.
- (6) What was the first fiscal year for a Proposition J certification? FY1980-81  
Has it been certified for each subsequent year? Yes.
- (7) How will the services meet the goals of your MBE/WBE Action Plan?  
The department has a waiver for this contracted service, which is a highly specialized and competitively bid contract.
- (8) Does the proposed contract request that the contractor provide health insurance for its employees? No.  
Even if not required, are health benefits provided? Yes.
- (9) Does the proposed contractor provide benefits to employees with spouses?  
Yes.  
If so, are the same benefits provided to employees with domestic partners?  
No.  
If not, how does the proposed contractor comply with the Domestic Partners ordinance? Current contract expires 11/30/99. Contractor understands that any contract modification prior to that time will require compliance with ordinance. Contractor has submitted documentation to Human Rights Commission.

Department Representative: Jean Mariani

Telephone Number: (415) 554-4316



Item 4 – File 99-1063

**Department:** Sheriff

**Item:** Resolution retroactively concurring with the Controller's certification that the Pre-Trial Diversion Project for the City and County of San Francisco can continue to be practically performed by a private contractor at a lower cost for the year commencing July 1, 1999, than if the work were performed by City and County employees.

**Services to be Performed:** Pre-Trial Diversion Project

**Description:** Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the Pre-Trial Diversion Project for FY 1999-2000 would result in estimated savings as follows:

	Lowest Salary Step	Highest Salary Step
<u>City-Operated Service Costs</u>		
Salaries	\$534,764	\$632,337
Fringe Benefits	<u>142,172</u>	<u>157,510</u>
Total	*\$676,936	\$789,847
<u>Contractual Services Cost</u>	<u>512,142</u>	<u>512,142</u>
<u>Estimated Savings</u>	<u>\$164,794</u>	<u>*\$277,705</u>

\* Totals differ from the Controller's analysis due to rounding.

**Comments:**

1. The Pre-Trial Diversion Project diverts selected misdemeanor offenders from the criminal justice system and places such offenders in the Pre-Trial Diversion Project to receive vocational training, job placement and counseling.
2. The Sheriff's Department reports that this service was first certified as required under Proposition J, (Charter Section 10.104) in FY 1977-78 and has been continuously provided by an outside contractor since that time.
3. The prior one-year contract with the San Francisco Diversion Project, the non-profit organization which provides the Pre-Trial Diversion Project, expires on June 30, 1999. The Sheriff's Department wishes to exercise its option to renew this contract. Approval of the proposed resolution is required before the expired contract with the San Francisco Diversion Project can be renewed for FY 1999-2000.
4. The Contractual Services Cost used for the purpose of this analysis is the San Francisco Pre-Trial Diversion Project's projected FY 1999-2000 cost for the Pre-Trial Diversion Project.
5. The estimated FY 1999-2000 Contractual Services Cost of \$512,142 is the same as the FY 1998-99 cost.
6. The Controller's supplemental questionnaire with the Department's responses is attached to this report.

**Recommendation:** Approve the proposed resolution.

## CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Sheriff

CONTRACT SERVICES: San Francisco Pretrial Diversion Project

CONTRACT PERIOD: July 1, 1999 – June 30, 2000

- (1) Who performed the activity/service prior to contracting out?

Service was initially funded through Federal grant monies and service workers performed the duties.

- (2) How many City employees were laid off as a result of contracting out?

None.

- (3) Explain the disposition of employees if they were not laid off. Not applicable.

- (4) What percentage of City employees' time is spent of services to be contracted out? None.

- (5) How long have the services been contracted out? Since 1977.  
Is this likely to be a one-time or an ongoing request for contracting out?

On-going.

- (6) What was the first fiscal year for a Proposition J certification? FY1977-78  
Has it been certified for each subsequent year? Yes.

- (7) How will the services meet the goals of your MBE/WBE Action Plan?

Because a non-profit organization provides the services, the MBE/WBE Plan is not affected.

- (8) Does the proposed contract request that the contractor provide health insurance for its employees? No.  
Even if not required, are health benefits provided? Yes.

- (9) Does the proposed contractor provide benefits to employees with spouses? Yes.  
If so, are the same benefits provided to employees with domestic partners? Yes.  
If not, how does the proposed contractor comply with the Domestic Partners ordinance? Contractor complies with ordinance.

Department Representative: Jean Mariani

Telephone Number: (415) 554-4316



Item 5 – File 99-1064

**Department:** Sheriff

**Item:** Resolution retroactively concurring with the Controller's certification that the San Francisco Own Recognizance Project (O.R.) for the City and County of San Francisco can continue to be practically performed by a private contractor at a lower cost for the year commencing July 1, 1999, than if the work were performed by City and County employees.

**Services to be Performed:** Own Recognizance Project

**Description:** Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for the Own Recognizance Project for FY 1999-2000 would result in estimated savings as follows:

	Lowest Salary <u>Step</u>	Highest Salary <u>Step</u>
<u>City-Operated Service Costs</u>		
Salaries	\$805,569	\$953,025
Fringe Benefits	<u>214,572</u>	<u>237,255</u>
Total	*\$1,020,141	\$1,190,280
 <u>Contractual Services Cost</u>	 <u>821,596</u>	 <u>821,596</u>
 <u>Estimated Savings</u>	 <u>*\$198,545</u>	 <u>\$368,684</u>

\* Totals differ from the Controller's analysis due to rounding.

**Comments:**

1. The Own Recognizance Project interviews all persons, arrested on non-warrant felony charges and certain misdemeanors that are not citable by the Sheriff's Department, who are booked into custody and are not immediately bailed or cited.
2. The Sheriff's Department reports that the O.R. Project was first certified under Proposition J, (Charter Section 10.104), in FY 1977-78 and has been continuously provided by an outside contractor since that time.
3. The prior one-year contract with the San Francisco Institute for Criminal Justice-O.R Project expires on June 30, 1999. The Sheriff's Department wishes to exercise its option to renew this contract. Approval of this proposed resolution is required before the expired contract with the San Francisco Institute for Criminal Justice-O.R Project can be renewed for FY 1999-2000.
4. The Contractual Services Cost used for the purpose of this analysis is the San Francisco Institute for Criminal Justice-O.R. Projects' projected FY 1999-2000 cost for the Own Recognizance Project.
5. The Contractual Services Cost of \$821,596 for FY 1999-2000 is \$28,833 or 3.6 percent more than the FY 1998-99 cost of \$792,763.
6. The Controller's supplemental questionnaire with the Department's responses is attached to this report.

**Recommendation:**

Approve the proposed resolution.

## CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: Sheriff

CONTRACT SERVICES: San Francisco Institute for Criminal Justice  
Own Recognizance (OR) Project

CONTRACT PERIOD: July 1, 1999 – June 30, 2000

- (1) Who performed the activity/service prior to contracting out?  
Service was not provided.
- (2) How many City employees were laid off as a result of contracting out?  
None.
- (3) Explain the disposition of employees if they were not laid off. Not applicable.
- (4) What percentage of City employees' time is spent of services to be contracted out? None.
- (5) How long have the services been contracted out? Since 1966.  
Is this likely to be a one-time or an ongoing request for contracting out?  
On-going.
- (6) What was the first fiscal year for a Proposition J certification? FY1977-78  
Has it been certified for each subsequent year? Yes.
- (7) How will the services meet the goals of your MBE/WBE Action Plan?  
Because a non-profit organization provides the services, the MBE/WBE Plan is not affected.
- (8) Does the proposed contract request that the contractor provide health insurance for its employees? No.  
Even if not required, are health benefits provided? Yes.
- (9) Does the proposed contractor provide benefits to employees with spouses? Yes.  
If so, are the same benefits provided to employees with domestic partners? Yes.  
If not, how does the proposed contractor comply with the Domestic Partners ordinance? Contractor complies with ordinance.

Department Representative: Jean Mariani

Telephone Number: (415) 554-4316



Item 6 – File 99-1019

**Department:** Department of Administrative Services (DAS)

**Item:** Resolution concurring with the Controller's certification that convention facilities management, operation and maintenance services can continue to be practically performed at Bill Graham Civic Auditorium and Moscone Center by a private contractor at a lower cost than similar work services performed by City and County employees.

**Services to be Performed:** Convention facilities management, operation and maintenance

**Description:** Charter Section 10.104 provides that the City may contract with private firms for services which had been performed by City employees if the Controller certifies, and the Board of Supervisors concurs, that such services can in fact be performed by private firms at a lower cost than similar work services performed by City employees.

The Controller has determined that contracting for convention facilities management, operations and maintenance services at the Bill Graham Civic Auditorium and Moscone Center for FY 1999-2000 would result in the estimated savings as follows:

	Lowest Salary Step	Highest Salary Step
<u>City-Operated Service Costs</u>		
Salaries	\$8,844,285	\$10,457,755
Fringe Benefits	<u>2,360,376</u>	<u>2,611,853</u>
Total	\$11,204,661	\$13,069,608
<u>Contractual Services Cost</u>	<u>10,532,906</u>	<u>10,532,906</u>
<u>Estimated Savings</u>	<u>\$671,755</u>	<u>\$2,536,702</u>

**Comments:** 1. Moscone Joint Venture, consisting of the Spectacor Management Group and Thigpen Limited, Inc., is fully responsible for managing, operating and maintaining the Bill Graham Civic Auditorium and Moscone Center. Specifically, Moscone Joint Venture's responsibilities

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**BUDGET ANALYST**

include: (1) contracting with others for their use of the convention facilities; (2) promoting the use of the convention facilities; (3) conducting event management activities; (4) recruiting, employing, supervising and paying employees; and (5) maintaining the convention facilities and the equipment therein.

2. Convention facilities management, operation and maintenance services at Bill Graham Civic Auditorium and Moscone Center were first certified, as required by Charter Section 10.104, in 1981 and have been continuously provided by an outside contractor since that time.

3. The prior four-year contract with Moscone Joint Venture for the provision of convention facilities management, operations and maintenance services at the Bill Graham Civic Auditorium and Moscone Center expired on June 30, 1999. This contract contained an option to renew the term for an additional period not to exceed five years. As such, the Department of Administrative Services (DAS) reports that in January of 1999, DAS exercised this option to renew the contract with Moscone Center Venture for a five-year period of July 1, 1999 through June 30, 2004.

4. The Contractual Services Cost used for the purpose of this analysis is the Moscone Joint Venture's projected FY 1999-2000 costs to provide convention facilities management, operation and maintenance.

5. The Contractual Services Cost of \$10,532,906 for FY 1999-2000 is \$370,374 or 3.6 percent more than in the FY 1998-99 cost of \$10,162,532.

6. The Controller's supplemental questionnaire with the Department's responses is attached to this report.

7. The proposed resolution should be amended to retroactively approve the Controller's certification as of July 1, 1999.

**Recommendation:** Amend the proposed resolution for retroactivity and approve the proposed resolution as amended.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

## CHARTER 10.104.15 (PROPOSITION J) QUESTIONNAIRE

DEPARTMENT: San Francisco Convention FacilitiesCONTRACT SERVICES: OperationsCONTRACT PERIOD: July 1, 1999 - June 30, 2000

- (1) Who performed the activity/service prior to contracting out?

City

- (2) How many City employees were laid off as a result of contracting out?

None

- (3) Explain the disposition of employees if they were not laid off.

Employees went to work for the contractor.

- (4) What percentage of City employees' time is spent of services to be contracted out?

0%

- (5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?

18 Years

- (6) What was the first fiscal year for a Proposition J certification? Has it been certified for each subsequent year?

1982 - 1983. Yes.

- (7) How will the services meet the goals of your MBE/WBE Action Plan?

Contractor is a joint venture with a minority principal.

- (8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?

Yes.

- (9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?

Yes

Department Representative: Jack MoerschbaecherTelephone Number: 554-6178



Item 7 – 99-0963

**Department:** Department of Real Estate (DRE)  
Municipal Railway (MUNI)

**Item:** Resolution authorizing the retroactive renewal of an existing license agreement for parking at the Community Assembly of God Church, located at 355 Ocean Avenue, for the Municipal Railway.

**Term of Agreement:** April 1, 1999 through March 31, 2001 (2 years) with the option to extend for one additional year.

**Amount:** \$19,500 annually for the two-year period from April 1, 1999 through March 31, 2001 and \$24,000 for the additional one-year option.

**Source of Funds:** Ms. Gail Bloom of the Municipal Railway (MUNI) advises that monies from the Light Rail Vehicle Procurement Project, which is composed of 60% Federal funds, 20% State funds and 20% local funds, will pay for the proposed license agreement. The source of the local funds is the San Francisco Transportation Authority Sales Tax Fund, according to Ms. Bloom.

**Description:** In March of 1997, the Board of Supervisors approved a resolution (File No. 47-97-1), which authorized the Director of Property to enter into a one-year license agreement with the Community Assembly of God Church for the use of 65 parking spaces by City-owned and privately-owned vehicles of MUNI employees. The term of this agreement was April 1, 1997 through March 31, 1998 with an option to extend the term for one additional year.

According to Mr. Tony Tufo of MUNI, the subject 65 parking spaces were needed by MUNI to accommodate City-owned and privately-owned vehicles of MUNI employees because 85 parking spaces located within MUNI's maintenance yard at 425 Geneva Avenue, known as the Green Division, became unavailable as a result of MUNI's need to store new light rail vehicles (LRVs) at 425 Geneva Avenue. Mr. Tufo states that the Director of Property exercised the option to extend the term of this

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BUDGET ANALYST

existing license agreement for one additional year until March 31, 1999.

Approval of the proposed resolution would authorize the Director of Property to renew the existing license agreement with the Community Assembly of God Church for the use of 65 parking spaces by City-owned and privately-owned vehicles of MUNI employees for the two-year period retroactive from April 1, 1999 through March 31, 2001, plus a one-year option.

According to Mr. Tufo, the subject 65 parking spaces continue to be needed by MUNI to accommodate City-owned and privately-owned vehicles of MUNI employees because the previous parking area utilized, located within MUNI's Green Division maintenance yard at 425 Geneva Avenue, which accommodated 85 vehicles, is needed to store additional light rail vehicles (LRVs). The Attachment, provided by Mr. Tufo, explains in further detail MUNI's continued need for the 65 parking spaces at the Community Assembly of God Church.

**Increase from  
Prior Rent:**

The existing license agreement with Community Assembly of God Church expired on March 31, 1999. Under that agreement, the City paid a monthly rate of \$1,625, or \$25 per parking space, for a total annual cost of \$19,500. Under the proposed license agreement, the City would continue to pay a monthly rent of \$1,625, or \$25 per parking space, for a total annual cost of \$19,500 for the two-year period from April 1, 1999 through March 31, 2001. However, if the additional one-year option is exercised, the monthly rent would be increased to \$2,000 or \$30.77 per parking space, for a total annual cost of \$24,000. This is an increase of \$4,500 annually or 23 percent.

**Comment:**

Mr. Larry Jacobson of the Department of Real Estate reports that the monthly parking rental rates to be paid by MUNI, under the proposed license agreement, are below fair market value.

**Recommendation:**

Approve the proposed resolution.

July 1,1999

To: Gabriel Cabrera  
Budget Analyst

Fr: Tony Tufo  
Project Planner

Subject: Green Division Parking

The Green Light Rail Division was originally designed to store 147 light rail vehicles. The current equipment count that includes the 136 light rail vehicles, 18 F-line PCC cars, 10 F-line extension Milan cars and the 18 historical rail cars, totals 183 vehicles. Prior to the purchase of the Breda LRV's, the Milan cars and the additions to the historical fleet, the Green Division could also accommodate 85 city vehicles and employee automobiles on the property. As you can see we have increased our fleet size beyond the actual capacity of the facility, eliminating the automobile parking we once had. In fact we have been gradually bringing our staffing levels up by hiring train operators, maintenance workers, and transit inspectors (10 additional city vehicles) which has added to our parking problem.



Item 8 – 99-1061

**Department:** Fire Department

**Item:** Hearing to consider the release of reserved funds from 1992 Fire Protection Bond proceeds in the amount of \$518,000 for the renovation of Fire Station No. 12, located at 1145 Stanyan Street.

**Amount:** \$518,000

**Source of Funds:** Release of reserves from previously appropriated 1992 Fire Protection Bond Fund monies.

**Description:** In January of 1995, the Board of Supervisors approved an ordinance appropriating \$9,400,000 from the second sale of Fire Protection Bond funds for architectural and engineering services and construction costs in connection with the renovation of various Fire Department facilities, including the upgrade and renovation of Fire Station No. 12 (File No. 101-94-40). Of this \$9,400,000, the Board of Supervisors reserved \$4,630,882 pending DPW's selection of contractors and submission of contract cost details. The Budget Committee subsequently released a total of \$4,388,882 of the \$4,630,882, leaving a balance of \$242,000 on reserve.

In addition, in November of 1996, the Board of Supervisors approved an ordinance appropriating \$14,233,588 from the third sale of Fire Protection Bond funds for architectural and engineering services and construction costs in connection with the renovation of various Fire Department facilities, including the upgrade and renovation of Fire Station No. 12 (File No. 101-96-12). Of this \$14,233,588, the Board of Supervisors reserved \$7,864,100 pending DPW's selection of contractors and submission of contract cost details. The Budget Committee subsequently released a total of \$3,624,872 of the \$7,864,100, leaving a balance of \$4,239,228 on reserve.

The proposed request would authorize the release of \$102,000 in previously reserved funds under File No. 101-94-40 and \$416,000 in previously reserved funds under

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File No. 101-96-12 or a total of \$518,000 for the renovation of Fire Station No. 12, leaving balances of \$140,000 (File No. 101-94-40) and \$3,823,228 (File No. 101-96-12) on reserve.

According to Mr. Peter Wong of the DPW's Bureau of Architecture, construction work to be performed for the renovation of Fire Station No. 12, located at 1145 Stanyan Street. The work consists of general remodeling, creating separate shower and restroom facilities for female firefighters, mechanical and electrical system upgrades, asbestos abatement and disability access improvements.

**Budget:**

The construction contract for the renovation of Fire Station No. 12 totals \$612,190 and was awarded to Kin Wo Construction, Inc., which submitted the low bid.

Attachment I, provided by DPW, contains the contract details and subcontractor allocations for this \$612,190 contract.

Attachment II, also provided by DPW, is a list of the firms which submitted bids for the subject renovation work and the amounts of each bid.

The proposed request for release of reserved funds of \$518,000 for the renovation of Fire Station No. 12 requires an additional \$94,190 (total construction contract amount of \$612,190 less the requested release of \$518,000 on reserve), which will be funded from previously appropriated monies (see Comment).

**Comment:**

As noted above, the proposed request for release of reserved funds of \$518,000 for the renovation work is \$94,190 less than the total construction contract of \$612,190. According to Mr. Wong, the source of the additional \$94,190 would be previously appropriated 1992 Fire Protection Bond monies.

**Recommendation:**

Approve the requested release of reserved funds.

DEPARTMENT OF PUBLIC WORKS  
BUREAU OF ARCHITECTURE

PROJECT TITLE: SFFD STATION 12 RENOVATION  
JOB NO.: 5465A

CONSTRUCTION CONTRACT COST BREAKDOWN

1. BASE BID CONSTRUCTION CONTRACT

<u>Prime Contractor WBW/MBE/LBE ( 39.69% of Base Bid)</u>		
Kin Wo Construction, Inc., General Contractor	<u>\$242,883</u>	\$242,883
<u>Subcontractors MBE (32.35% of Base Bid)</u>		
D & S Associates (plumbing)	20,860	
Yum's Mechanical	85,000	
Standard Cabinet	21,233	
Pioneer Roofing	46,976	
Joe Wang (flooring)	<u>24,000</u>	
		198,074
<u>Subcontractors WBE (7.18% of Base Bid)</u>		
Doherty (painting)	<u>44,000</u>	
		44,000
<u>Subcontractors Non-MBE/WBE (20.78% of Base Bid)</u>		
Dees-Hennessey Inc (shotcrete)	5,485	
Cookson Door Sales (overhead doors)	14,393	
Peninsulators Inc ( windows)	4,075	
S W Electrical Inc	92,000	
Kwan Wo Ironworks	8,100	
Warda Enterprise (toilet partitions)	<u>3,180</u>	
		<u>127,233</u>
Total:		<u>\$612,190</u>

2. FUNDING SOURCE:

a. 2nd Bond Sale Appropriation - Construction Reserve	\$102,000	This Request
b. 3rd Bond Sale Appropriation - Construction Reserve	416,000	This Request
c. Available/Approved Fund (Ord. 430-96)	<u>94,190</u>	
Total:	<u>\$612,190</u>	

City and County of San Francisco  
Department of Public Works  
TABULATION OF BIDS

SPEC NO.: 5465A

TITLE: San Francisco Fire Department  
Station Number 12 Renovation  
1145 Sianyan Street

BIDS RECEIVED: April 21, 1999

BIDDERS: Kin Wo Construction, Inc.  
Matix c/o Behruz Vahdani-Sanavi  
Sailba Corporation  
LC General Engineering Inc.  
Seto's Construction  
MH Construction Management Co.  
Jersey Constructors Inc.

22

APPARENT LOW BIDDER:

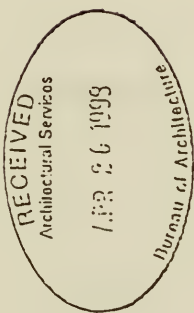
Kin Wo Construction, Inc.  
2401A Ingalls Street  
San Francisco, CA 94124  
Tel (415) 671-1068

SUBCONTRACTORS:

Daas-Hennessey Inc.	Shvolzele	5,485	Peninsulars Inc.	Windows	4075
Standard Cabinets	Cabinets/architectural Woodwork	21,328	Yun's Mechanical Co	Mechanical	85000
Cookson Door Sales	Overhead Doors	14,393	D & S Associates	Plumbing	20860
Joe Weng Carpet	Resilient Flooring	24,000	SW Electric Co	Electrical	92000
Doherty Painting	Painting/Plazacous Abatement	44,000	Kwan Wo Ironworks	Steelworks	8100
Warda Enterprises	Toilet & Bath Accessories	3,180	Pioneer Roofing	Roof	46977

Helen Liu  
Bill Webb  
All bidders

SL:sl  
April 21, 1999



MBE/MBE/LBE	Base Bid
No Pref	612,190
MBE/LBE	622,000
MBE/LBE	634,428
MBE/LBE	642,888
MBE/LBE	659,400
MBE/LBE	674,000
LBE	840,022
Average Bid:	669,275
Architect Estimate:	644,062
% of Architects Estimate:	104%

Item 9 – File 99-1092

**Department:** Recreation and Park Department

**Item:** Resolution concurring with the joint recommendations of the Recreation and Park Commission and the Planning Commission for the FY 1999-2000 San Francisco Park and Open Space Program, with the reservation that the Board of Supervisors may approve or disapprove any specific acquisitions for which funding might be provided in the FY 1999-2000 Park and Open Space Program budget, at such time as the acquisitions are presented to the Board of Supervisors for approval.

**Description:** Charter Section 16.107 established the Park and Open Space Fund, funded for fifteen years (FY 1975-76 to FY 1989-90) under Proposition J by an annual Property Tax of 2.5 cents per hundred dollars of assessed property valuation. In November 1988, San Francisco voters approved Proposition E, which extended the Fund for an additional 15 years, from FY 1990-91 to FY 2004-05. Therefore, FY 1999-2000 represents the tenth year of the Park and Open Space Program established by Proposition E.

According to Charter Section 16.107, not more than 40 percent of the Fund in any year can be used for maintenance of properties previously acquired under Proposition J. Of the remaining money in the Fund (60 percent of the total): (1) at least 40 percent must be allocated to acquiring and developing property; (2) at least 15 percent must be allocated to renovation; (3) not more than 25 percent can be allocated to administrative activities and to maintaining property and recreational facilities acquired under Proposition E for programs other than the after-school recreation programs; and (4) 20 percent must be used for after-school recreation programs.

The Park and Open Space Program is administered by the Recreation and Park Department, with input from the Park and Open Space Citizens Advisory Committee. The Department's General Manager prepares an annual expenditure plan on the basis of that Committee's

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recommendations. This expenditure plan is submitted to the Recreation and Park Commission and the City Planning Commission for their approval in a joint hearing.

Under the proposed resolution, the Board of Supervisors would concur with the May 13, 1999 joint recommendations of the Recreation and Park Commission and the Planning Commission to adopt the expenditure plan contained in the Recreation and Park Department General Manager's FY 1999-2000 report. However, the Board of Supervisors would reserve the right to approve or disapprove any specific acquisitions for which funding might be provided in the FY 1999-2000 Park and Open Space Program budget.

The Recreation and Park Department's proposed FY 1999-2000 budget for the Park and Open Space Program is \$18,500,197. The \$18,500,197 includes (a) \$17,000,000 in Property Taxes and interest earnings, (b) a one-time fund surplus of \$1,000,000 (accumulated as a result of 1998-99 operating underexpenditures, and higher than projected Property Tax and interest earnings revenues), and (c) \$500,197 in reprogrammed funds from prior years.

The following two tables show the budgeted FY 1999-2000 expenditures from the Park and Open Space Fund. The table immediately below shows the breakdown of the entire FY 1999-2000 budget into the two broad expenditure categories mandated by Proposition E of (a) expenditures on the maintenance of properties previously acquired under Proposition J, and (b) other expenditures:

Memo to Finance and Labor Committee  
July 7, 1999 Finance and Labor Committee Meeting

	Percentage Breakdown of Park and Open Space Fund Budgeted Expenditures Mandated by <u>Proposition E</u>	\$ Amount and Percentage Breakdown of Park and Open Space Fund Budgeted Expenditures in FY 1999- 2000	FY 1999- 2000 Reprogram -med Funds from Previous Years	Total Funds Available in FY 1999-2000
Park and Open Space Funding for Prop. J Maintenance	Up to 40%	\$6,306,868 (35%)	0	\$6,306,868
Other Expenditures (see table below for breakdown)	At least 60%	11,693,132 (65%)	\$500,197	12,193,329
<b>TOTAL</b>	<b>100%</b>	<b>\$18,000,000 (100%)</b>	<b>\$500,197</b>	<b>\$18,500,197</b>

The following table breaks down the "Other Expenditures" line item in the table above in terms of Proposition E mandates:

	Percentage of Park and Open Space Fund Other Expenditures Mandated by <u>Proposition E</u>	\$ Amount and Percentage of Park and Open Space Fund Other Expenditures in FY 1999- 2000	FY 1999-2000 Reprogrammed Funds from <u>Previous Years</u>	Total Other Expenditure Funds Available in FY 1999-2000
Acquisition and Development	At least 40%	\$4,677,253 (40%)	\$401,000	\$5,078,253
Renovation	At least 15%	2,564,886 (22%)	99,197	2,664,083
Prop. E Maintenance	Up to 25%	2,112,367 (18%)	0	2,112,367
After School Program	20%	<u>2,338,626</u> (20%)	<u>0</u>	<u>2,338,626</u>
<b>TOTAL</b>	<b>100%</b>	<b>\$11,693,132 (100%)</b>	<b>\$500,197</b>	<b>\$12,193,329</b>

**Comments:**

1. In the FY 1999-2000 Park and Open Space Program, no new sites have been recommended for acquisition. According to the Recreation and Park Department, because the Program is in the latter half of its 15-year

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life-span, the emphasis of its proposed \$5,078,253 acquisition and development budget and its \$2,664,083 renovation budget will be on (a) the acquisition of natural areas and open spaces which enlarge sites already acquired, and (b) the development of already acquired sites.

2. The proposed budget for Proposition E Maintenance includes funding for 11 new positions. Each new position and its annualized cost at the top salary step, using anticipated FY 1999-2000 salary rates, is as follows:

<u>Position</u>	<u>FTEs</u>	<u>Annualized Salary at Top Step</u>
2708: Custodian – Richmond	1.00	\$38,184
3417: Gardener – Chinatown/Richmond	1.00	43,483
3284: Recreation Directors – Richmond	7.00	289,394
5297: Planner V	1.00	95,082
7345: Electrician – Richmond/Chinatown	<u>1.00</u>	<u>61,726</u>
Total:	11.00	\$527,869

These 11 new positions are included in the Recreation and Park Department's proposed FY 1999-2000 budget. The Budget Analyst has recommended the approval of these proposed positions.

3. The proposed FY 1999-2000 Park and Open Space Fund budget would reprogram a total of \$500,197 from projects funded in previous years that are now either inactive or on hold. The reprogramming of funds, and each affected project's status according to Ms. Deborah Learner of the Recreation and Park Department, is summarized as follows:

Memo to Finance and Labor Committee  
 July 7, 1999 Finance and Labor Committee Meeting

<u>Amount</u>	<u>Projects From Which Funds Would Be Transferred</u>	<u>Projects To Which Funds Would Be Transferred</u>
\$1,000	Sharon Arts Studio – New Site (Status: the remaining budgetary surplus of \$1,000 for moving the studio out of Golden Gate Park is no longer required because, under the Golden Gate Park Master Plan, the studio will remain at its current site)	Community Garden Program
\$300,000	Esprit Park (Status: Esprit Park not currently available for purchase)	Eureka Valley Recreation Center
\$100,000	Esprit Park (Status: Esprit Park not currently available for purchase)	Seed Program: Edgehill Mountain Open Space Extension, Phase I
\$49,197	Precita Park (Status: Phase II has been completed, resulting in a \$49,197 fund surplus)	Children's Play Areas Spending Plan: Contin-gency Plan
\$50,000	Margaret Hayward Playground (Status: the disability access improvements project is over-budgeted by \$50,000)	Mission Dolores Park
<u>\$500,197</u>	<b>TOTAL</b>	

4. The proposed resolution states that if the City and County of San Francisco received funds from private sources that could be devoted to the construction of a replacement Martin Luther King Pool in excess of the amount required to complete its construction (\$1,400,000), those funds would be used to replace some or all of the \$400,000 to be reprogrammed from the acquisition of Esprit Park.

5. As outlined in the above table, the Recreation and Park Department is recommending that \$400,000 be reprogrammed in FY 1999-2000 from the acquisition of Esprit Park. According to Mr. Joel Robinson, Acting

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General Manager of the Recreation and Park Department, in his April 25, 1999 letter to the members of the Recreation and Park Commission and the Planning Commission, this acquisition is currently on hold due to the Esprit Corporation's withdrawal of its offer to sell the property to the City for \$2,000,000. Mr. Robinson noted that the Esprit Corporation's original offer of \$2,000,000 is significantly below current market value.

On December 21, 1998, the Board of Supervisors approved Resolution 1079-98 urging the Recreation and Park Department to maintain the FY 1998-99 budget allocation of \$1,000,000 in FY 1999-2000 for the purchase of Esprit Park. According to Ms. Learner, the Recreation and Park Department has attempted to balance the priority accorded to Esprit Park with other priority initiatives by keeping a balance of \$600,000 available for Esprit Park acquisition, while reprogramming \$400,000 to two other high priorities: the Eureka Valley Recreation Center renovation and the Edgehill Mountain open space purchase. In relation to the Esprit Park acquisition, Ms. Learner states that the Department is continuing to look for other funding sources, and remains willing to negotiate an acceptable purchase price for the property with the park's owners.

6. Based on the program budget outlined in the Recreation and Park Department General Manager's report, the percentage of the \$18,000,000 fund proceeds to be expended for each Proposition E category of expenditures is in conformance with the requirements of Charter Section 16.107. (The figure of \$18,000,000 represents the total FY 1999-2000 budget of \$18,500,197 less \$500,197 of reprogrammed funds which do not have to be expended according to Proposition E mandates.)

**Recommendation:** Approval of the proposed resolution is a policy decision for the Board of Supervisors.

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Item 10 - File 99-1129

**Department:** San Francisco Public Utilities Commission

**Item:** Resolution authorizing a ten year lease renewal of City-owned land in Alameda County, under the jurisdiction of the Public Utilities Commission, to Gan Haw Enterprises Inc.

**Location:** A portion of Pipeline Right of Way Land (also known as the Bay Division Pipeline No. 1 and 2, Parcel 1211), between Stevenson Boulevard and Lindsay McDermott Lane, Fremont, Alameda County

**Purpose of Lease:** To allow Gan Haw Enterprises Inc. to continue use of a playground and a paved parking lot with landscaping adjacent to the Kid's Wonderland Daycare Center.

**Lessor:** City and County of San Francisco, through the Public Utilities Commission

**Lessee:** Gan Haw Enterprises Inc., doing business as the Kid's Wonderland Daycare Center

**No. of Sq. Ft. and  
Cost Per Month:** 12,197 square feet (approximately 0.28 acres) at \$658.62 per month

**Annual Rent Payable  
By Gan Haw  
Enterprises Inc. to  
The City:** \$7,903.52. From the first anniversary of the lease commencement date, the annual rent will be adjusted every twelve months by any annual percentage increase of the Consumer Price Index. The monthly base rent on or after the adjustment date cannot be less than the monthly base rent in effect immediately prior to the adjustment date.

In addition, the base rent will be adjusted to equal the fair market rental of such property on the fifth anniversary of the lease commencement date. This adjustment will be determined according to (a) land values in the area, (b) the fair market rent for space of comparable size and location, and (c) the duration of comparable leases. The annual base rent on or after the adjustment date cannot be less than the

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annual base rent in effect immediately prior to the adjustment date.

**Increase in Rent  
From Prior Lease:**

Whereas the previous lease between Gan Haw Enterprises Inc. and the City was \$402 per month (\$4,824 per year), if approved the new lease will be \$658.62 per month (\$7,903.52 per year). This represents an increase of \$256.62 per month (\$3,079.44 per year), or approximately 64 percent.

**Term of Lease:**

The proposed lease would commence upon approval by the Board of Supervisors and would expire ten years thereafter (approximately July 2009).

**Right of Renewal:**

None

**Description:**

The proposed resolution would authorize a ten year lease of approximately 0.28 acres of City-owned land located in Fremont, Alameda County, which is under the jurisdiction of the San Francisco Public Utilities Commission. The Bay Division Pipelines No. 1 and 2 run under this land to transport and distribute water for municipal use. Under the proposed lease, the Public Utilities Commission would retain all rights to operate, maintain, repair, and/or reconstruct those pipelines.

In 1995, Gan Haw Enterprises Inc. purchased the Kids' Wonderland Childcare Center adjacent to the subject Public Utilities Commission property. The existing City lease and rental rate of \$402 per month was assigned by the previous owner, the Kids' Wonderland Childcare Center, to Gan Haw Enterprises Inc. Public Utilities Commission approval for the assignment was not obtained until 1997, at which time it granted approval retroactive to 1995. The assigned lease expired February 28, 1999. Pending Board of Supervisors approval of a new lease, Gan Haw Enterprises Inc. has continued to lease the property at the assigned rental rate on a month-to-month basis under a hold-over provision in the assigned lease.

The proposed lease would allow Gan Haw Enterprises Inc. to continue using the City-owned land as a playground and paved parking lot with landscaping in connection with operation of the Kids' Wonderland Daycare Center.

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**Comments:**

1. According to Mr. Gary Dowd of the Public Utilities Commission, the proposed rental rate reflects the current fair market rent for similar properties in the area. Furthermore, Mr. Dowd advises that the subject property can only be used by the adjoining property owner, Gan Haw Enterprises Inc.
2. Mr. Dowd advises that whereas the previous lease did not contain provisions for a market rental rate re-evaluation during the term of the lease or upon assignment of the lease, the proposed lease contains such provisions which will maximize the property's income-generating potential.
3. The Public Utilities Commission's Bureau of Environmental Regulation Management has certified that Gan Haw Enterprises Inc.'s continued use of the site has no effect on the environment and, therefore, it has a categorical exemption from the requirements of the California Environmental Quality Act.

**Recommendation:** Approve the proposed resolution.



Item 11- File 99-1206

**Department:** Controller's Office

**Item:** Resolution waiving the statute of limitations with respect to payment of ten warrants of the City and County of San Francisco in the total amount of \$24,034.67, a legal obligation of the City.

**Description:** According to Section 10.181 of the City's Administrative Code, a warrant issued by the City becomes void one year from the date issued. According to Section 10.182 of the Administrative Code, the payee of the warrant may present the warrant to the Controller for payment up to three years from the date that it was rendered invalid or four years from the original issue date, and the Controller is authorized to draw a new warrant in favor of the payee in the same amount as the original warrant. After that time period, when the statute of limitations has expired, the Controller may no longer pay such a warrant without first obtaining approval from the Board of Supervisors.

The proposed resolution would waive the statute of limitations and would authorize the Controller's Office to replace ten warrants for Mr. Steven G. Barton, an employee in the Mayor's Office of Community Development. Of the ten warrants, Mr. John Madden of the Controller's Office reports that nine were payroll payments and one was a Health Service payment, dating from May 17, 1994 through March 26, 1997. Together, the ten warrants total \$24,034.67.

**Comments:** 1. Mr. Madden reports that Mr. Barton never cashed any of these ten City warrants and these original warrants have now been cancelled by the Controller's Office.

2. Mr. Madden advises that there are sufficient funds in the Warrants Account of the FY 1999-2000 General City Responsibilities Budget to pay for one new warrant in the amount of \$24,034.67 that would be reissued to Mr. Barton by the Controller's Office.

**Recommendation:** Approve the proposed resolution.



Item 12 - File 99-1207

**Department:** Department of Real Estate (DRE)  
Department of Human Services (DHS)

**Item:** Resolution authorizing a First Amendment to a license agreement between the City and San Francisco Parking (d.b.a. City Park) for a parking lot at Colusa Place and Colton Street, for the Department of Human Services, providing for retroactivity.

**Location:** Colusa Place and Colton Street, San Francisco

**Purpose of License Amendment:** The license amendment would authorize a monthly rate increase from \$70/parking space to \$80/ parking space per month (a 14.3 percent increase) for temporary parking facilities used as off-street parking for DHS employees.

**Licensor:** San Francisco Parking (d.b.a. City Park)

**Licensee:** City and County of San Francisco

**No. of Parking Spaces:** 41 parking spaces

**Rate Payable by City to San Francisco Parking:** \$3,280 per month (41 parking spaces @\$80/space)

**Term of License:** The license is on a month-to-month basis.

**Source of Funds:** According to Ms. Rose Chow of the Department of Human Services, sufficient funds are available in the Department's FY 1999-2000 budget to cover the increased cost of the parking spaces.

**Description:** The Department of Human Services (DHS) currently has a License Agreement with City Park for 41 parking spaces at Colusa Place and Colton Street to provide off-street parking for the social workers at 170 Otis Street required to use their vehicles for field work. The License Agreement was initially entered into in 1996 when the parking area that DHS rented from the State of California at Valencia and

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Stevenson Streets became unavailable due to Caltrans' demolition and seismic upgrade work on the Central Freeway. DHS expects the Caltrans work to be completed in October 1999 and DHS will again be able to lease the original parking area at Valencia and Stevenson Streets from the State.

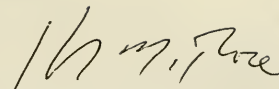
According to Mr. Allen Lucas at the Department of Real Estate the current License Agreement between City Park and DHS is month-to-month and will be terminated with 30 days notice, when DHS is able to return to the parking area at Valencia and Stevenson Streets.

According to Mr. Lucas, prior to April 1, 1999, City Park notified the Department of Human Services of a \$10 rate increase, effective April 1, 1999, from \$70 per parking space (\$2,870 per month), the amount in effect since October 1996, to \$80 per parking space (\$3,280 per month). Mr. Lucas states that the Department of Human Services failed to notice the increase until a second invoice was sent in April. The Department of Real Estate researched the rate increase and determined that proper notification was given. Therefore, the proposed rate increase is retroactive to April 1, 1999.

**Comments:**

1. According to Ms. Rose Chow of the Department of Human Services, DHS has issued 41 parking permits to employees at 170 Otis Street who use their vehicles for field work at least three times per week.
2. According to Mr. Allen Lucas of the Department of Real Estate, the proposed rental rate of \$80 per parking space per month represents the fair market value.

**Recommendation:** Approve the proposed resolution.

  
Harvey M. Rose

cc: Supervisor Yee  
Supervisor Bierman  
President Ammiano  
Supervisor Becerril  
Supervisor Brown  
Supervisor Katz  
Supervisor Kaufman  
Supervisor Leno  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Clerk of the Board  
Controller  
Legislative Analyst  
Matthew Hymel  
Stephen Kawa  
Ted Lakey



2.254

14/99



**City and County of San Francisco**  
**Meeting Minutes**  
**Finance and Labor Committee**

*Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano*

*Clerk: Mary Red*

City Hall  
 1 Dr. Carlton B.  
 Goodlett Place  
 San Francisco, CA  
 94102-4689

**Wednesday, July 14, 1999**

**10:00 AM**

**City Hall, Room 263**

**Regular Meeting**

**Members Present:** Leland Y. Yee, Sue Bierman, Tom Ammiano.

**Meeting Convened**

*The meeting convened at 10:10 am*

**DOCUMENTS DEPT.**

**JUL 19 1999**

**REGULAR AGENDA**

**SAN FRANCISCO  
 PUBLIC LIBRARY**

**990742 [Community Court Funds]**

**Supervisor Brown**

Ordinance amending Administrative Code by adding Section 10.117-124 to establish Community Courts Dispute Resolution Funds.

(Adds Section 10.117-124.)

4/19/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

4/21/99, CLERICAL CORRECTION. CLERICAL CORRECTION to change Section "10.117-123" to "10.117-124" (and legislation approved as to form by the City Attorney's Office).

*Heard in Committee. Speakers: Supervisor Yee; Carol Leyh.*

**CONTINUED TO CALL OF THE CHAIR by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**990877 [Prevailing Wages for Janitors]**

**Supervisors Yee, Ammiano, Bierman**

Ordinance amending Administrative Code by adding Section 21.25-1 to provide that contracts for janitorial services must require that any person performing janitorial services thereunder be paid not less than the general prevailing wages in private employment for similar work.

(Fiscal impact; Adds Section 21.25-1.)

5/3/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 6/2/1999.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Tim Paulson, Local 87. Supervisors Ammiano and Bierman added as cosponsors.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**990979 [Airport Concession Bond/Loan Program]**

Resolution authorizing the Airport Commission ("Commission") to increase its line of credit with Wells Fargo Bank from \$4 Million to \$6 Million to provide funding to induce bond companies and financial institutions to provide surety bonds and working capital financing to certain disadvantaged business enterprises. (Airport Commission)

5/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballesteros, Airport Commission, Supervisor Yee.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Bierman, Ammiano, Yee

**991006 [Real Property Lease Amendment]**

Resolution authorizing an amendment to lease real property at 3801 Third Street, Suites 110, 220 and 230, for the Department of Human Services. (Real Estate Department)

5/18/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Steve Legnitto, Real Estate Department, Supervisor Yee; Jan Esbaugh, Human Services Department*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991032 [Memorandum of Understanding-Local 798-Unit 1]**

**Mayor**

Ordinance adopting and implementing the provision of a Memorandum of Understanding between the San Francisco Fire Fighters Union Local 798, IAFF, AFL-CIO for Bargaining Unit 1 and the City and County of San Francisco for the period July 1, 1999 through June 30, 2001.

(Fiscal Impact)

5/24/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Continued to July 21, 1999.*

**CONTINUED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991033 [Memorandum of Understanding-Local 798, Unit 2]**

**Mayor**

Ordinance adopting and implementing the provisions of a Memorandum of Understanding between the San Francisco Fire Fighters Union Local 798, IAFF, AFL-CIO for Bargaining Unit 2 and the City and County of San Francisco for the period July 1, 1999 through June 30, 2001.

(Fiscal impact.)

5/24/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Continued to July 21, 1999.*

**CONTINUED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991073 [Lease of Property]**

Resolution authorizing a 10-year lease of Public Utilities Commission land between the City and County of San Francisco and Nextel Communications in Alameda County. (Public Utilities Commission)  
5/27/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Cindy Lee, Land Management, Public Utilities Commission.*

**RECOMMENDED by the following vote:**

Ayes: 2 - Yee, Bierman

Absent: 1 - Ammiano

**991085 [Reserved Funds, Police Department]**

Hearing to consider release of reserved funds, Police Department, in the total amount of \$1,654,177 from Federal and State grants (\$1,274,062 under Resolution 137-9; \$380,115 under Resolution 351-97), to purchase new technology and equipment for the COPS-MORE '96 Program. (Police Department)  
5/25/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Sergeant John Bisordi, Police Department; Wayne William Lee, 911 System; Supervisor Yee; Ed Harrington, Controller.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991157 [Reserved Funds, Mayor's Office of Community Development]**

Hearing to consider release of reserved funds, Mayor's Office of Community Development (1999 Emergency Shelter Grants Program, Resolution 109-99), in the total amount of \$52,000 to fund the following MOCD homeless projects: Community Awareness and Treatment Services, \$45,000; Metropolitan Community Foundation, \$7,000. (Mayor)

(Companion to File 991158.)

6/9/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Pam David, Director, Mayor's Office of Community Development; Henry Uyehara, Community Awareness and Treatment Services; Phillis Nelson, Metropolitan Community Foundation; Tom Mayer.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991158 [Reserved Funds, Mayor's Office of Community Development]**

Hearing to consider release of reserved funds, Mayor's Office of Community Development (1999 Community Development Block Grant Program, Resolution 90-99), in the total amount of \$253,475, to fund the following MOCD projects: Mission Education Project, Inc. (MEPI), \$45,000; Urban Economic Development Corporation, \$158,475; and the revolving loan fund servicing, \$50,000. (Mayor)

(Companion to File 991157.)

6/9/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Pam David, Mayor's Office of Community Development; Rita Avalor, Mission Education Project, Inc.; Commer Marshall, Urban Economic Development Corporation; Supervisor Yee; Supervisor Bierman; Supervisor Ammiano.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991222 [Approval to spend money to plant a lawn and trees at the Mid-Embarcadero Music Concourse located South of Justin Herman Plaza near the Ferry Building]**

Resolution approving and authorizing the appropriation of up to \$984,850 from the Downtown Park Special Fund for the proposed enhancements to the Mid-Embarcadero Music Concourse site. (Recreation and Parks Department)

6/17/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Deborah Learner, Recreation and Park Department; Ernestine Weiss, Supervisor Bierman, Jim Haas, Supervisor Ammiano.*

**RECOMMENDED** by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

**991272 [Funding for the second round of Affordable Housing and Home Ownership Bonds (Prop. A) issued on June 10, 1999]**

**Mayor**

Ordinance appropriating \$20,000,895 of bond proceeds and bond interest income for implementation of the Affordable Housing and Home Ownership Program at the Mayor's Office of Housing, for fiscal year 1999-2000.

6/28/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Marsha Rosen, Director, Mayor's Office of Housing, Supervisor Ammiano.*

**RECOMMENDED** by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

**991255 [Chronicle Publishing Company]  
Supervisors Leno, Bierman**

Hearing to determine the potential impact of the sale of all or parts of the Chronicle Publishing Company

6/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Supervisor Leno, Norman Sullivan; Joe Alioto, Professor Steven Barnett, U.C. Berkeley; Belinda Griswold, Media Alliance, Bruce Bruggman, Bay Guardian, Carl Hall, President, Newspaper Guild; Dennis Mosgafian, President, Local 4, Steven Cornell, President, Small Business Advisory Commission; Christen Haffer, President, District Merchants, Rolfe Mueller; Ed Rosaro, Gloria LaRiva; Supervisor Ammiano; Supervisor Bierman, Supervisor Yee.*

**CONTINUED TO CALL OF THE CHAIR** by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

**ADJOURNMENT**

*The meeting adjourned at 12:34 p.m.*

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CITY AND COUNTY



OF SAN FRANCISCO

DOCUMENTS DEPT.

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

JUL 14 1999

SAN FRANCISCO  
PUBLIC LIBRARY

July 9, 1999

TO: Finance and Labor Committee  
FROM: Budget Analyst  
SUBJECT: July 14, 1999 Finance and Labor Committee Meeting  
Item 1 - File 99-0742

Department: Mayor's Office of Criminal Justice

Item: Ordinance amending Article XIII, Chapter 10, Part I of the San Francisco Municipal Code by adding Section 10.117-124 to establish Community Courts Dispute Resolution Funds.

Description: The proposed ordinance would establish (1) a Bayview Community Court Dispute Resolution Fund to receive penalties, fines and other payments made to the City by the Bayview Community Court and (2) an Oceanview-Merced Ingleside Community Court Dispute Resolution Fund to receive penalties, fines and other payments made to the City by the Oceanview-Merced Ingleside Community Court. In addition, each of these two Community Court Dispute Resolution Funds would be able to receive gifts or grants and all monies allocated to these Funds would be expended exclusively to support these Community Court Programs and to enhance public safety and the quality of life in these two respective communities. The proposed ordinance would also authorize the Controller to establish additional Community Court Dispute Resolution

Funds to receive monies from other Community Courts.

In accordance with the proposed ordinance, the Director of the Mayor's Criminal Justice Council, in consultation with the Police Chief, District Attorney, Chief Executive Officer of the Superior Courts and the Controller would establish guidelines and then the Controller could disburse these Funds, in accordance with such guidelines.

The proposed ordinance also states that the City may not recover any of the costs to administer these Funds. Interest earned from Fund balances of more than \$50,000 would accrue to the Funds, while interest earned from Fund balances of less than \$50,000 would accrue to the City's General Fund.

**Comments:**

1. According to Mr. Eugene Clendinen of the Mayor's Office, in November of 1998, the City created two Community Courts, one in the Bayview Community and one in the Oceanview-Merced Ingleside Community, as a pilot program to address minor infractions and minor misdemeanors occurring in these communities, that are diverted from the Trial Courts. Mr. Clendinen reports that these two Community Courts were established through an initial \$50,000 Federal law enforcement block grant and have been continued with a \$150,000 Federal Department of Justice grant. Ms. Amy Ackerman of the City Attorney's Office advises that the two Community Courts assess community service penalties as well as financial penalties and fines to persons appearing before these Community Courts for various infractions and minor misdemeanors, such as graffiti and gambling. Under the proposed ordinance, such financial penalties, fines and payments, as well as other gifts or grants to these Community Courts would be deposited into designated Special Funds established by the Controller's Office.

2. Mr. Clendinen reports that a provision is included in the proposed ordinance to enable the Controller to establish additional Community Court Dispute Resolution Special Funds because, depending on the success of the current pilot program, additional Community Courts may be established in the future.

3. The Budget Analyst notes that the expenditures made from the proceeds in the proposed Special Funds would not be subject to appropriation approval by the Board of Supervisors.

4. Mr. Ed Harrington, the City Controller reports that as of the writing of this report, he has not reviewed the proposed ordinance. However, Mr. Harrington advises that the Controller's Office is discouraging the creation of any additional Special Funds in the City, and is instead requesting that if Departments wish to account for certain monies separately, that such a request be made to the Controller's Office. In addition, the Controller's Office could not identify the amount of monies that are currently being collected by the two Community Courts or where such funds are being deposited.

5. The Budget Analyst has requested information regarding how much penalties, fees, fines or other revenues are currently being collected, where such funds are being deposited, and what are these funds currently being used for. As of the writing of this report, such information was not available from Mr. Clendinen of the Mayor's Office of Criminal Justice or Sergeant John Bisordi of the Police Department.

**Recommendation:**

Continue the proposed ordinance to the Call of the Chair, pending review by the Controller's Office of the need to create two additional Special Funds and an accounting of the existing funds that are being collected by the Community Courts.



Memo to Finance and Labor Committee  
July 14, 1999 Finance and Labor Committee Meeting

Item 2 – 99-0877

**Department:** Civil Service Commission  
Department of Human Services (DHR)

**Item:** Ordinance amending Part I of the Administrative Code by adding Section 21.25-1 to require private employers to pay their employees performing janitorial services, under City contracts of \$10,000 or more, not less than the general prevailing rate of wages.

**Description:** The proposed ordinance would amend Part I of the Administrative Code to add Section 21.25-1, a new section. Section 21.25-1 would require private employers to pay their employees performing janitorial services, under City contracts of \$10,000 or more, not less than the general prevailing rate of wages<sup>1</sup>. However, the proposed ordinance would not apply to City contracts where the janitorial services are to be performed by (1) a non-profit organization that provides job training and work experience for disadvantaged individuals in need of such training and (2) any organization employing fewer than 10 employees.

According to the proposed ordinance, the Board of Supervisors would be required to fix and determine, on an annual basis, the general prevailing wage rates as paid by private employers to janitorial service workers in San Francisco. To assist the Board of Supervisors in determination of these wage rates, the Civil Service Commission would be required to furnish to the Board of Supervisors, on an annual basis, data as to the general prevailing rate of wages as paid by private employers to janitorial service workers in San Francisco. In determining prevailing wage rates, the Board of Supervisors is not limited to the data submitted by the Civil Service Commission but may consider such other information on the subject as it may deem proper.

The provisions of the proposed ordinance would become effective 30 days after the date that this proposed ordinance is approved by the Board of Supervisors.

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<sup>1</sup> A prevailing rate of wage is the rate of compensation being paid to a majority of workers engaged in specified category of craft or labor.

**Comment:**

The proposed ordinance contains a provision that states when private employers deliberately fail to pay employees performing janitorial services under City contracts the general prevailing rate of wages, the City may (a) fine those private employers an amount not to exceed 10 percent of the total contract amount and/or (b) terminate the contracts. Any fines collected under this provision would be deposited in the fund out of which the City contracts are paid.

**Recommendation:**

Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

Item 3 - 99-0979

**Department:** Airport Commission

**Item:** Resolution authorizing the Airport Commission to increase the Airport Surety Bond Program line of credit with Wells Fargo Bank from \$4 million to \$6 million to provide funding for bond companies and financial institutions to provide surety bonds and working capital financing to disadvantaged business enterprises.

**Description:** In December of 1994, the Airport Commission adopted Resolution 94-0267, approving implementation of the Airport Surety Bond Program. The purpose of the Program is to assist minority-owned, women-owned and small businesses (MBE/WBE/SBEs) in obtaining (a) surety bonds, which are financial instruments used to guarantee the completion of construction projects, and (b) working capital loans. The Airport Surety Bond Program has served as a model program for the City and County of San Francisco by assisting MBE/WBE/SBEs, who have been awarded Airport construction contracts, in obtaining surety bonds and working capital loans. Without the assistance of the Program, these businesses may not have otherwise obtained the surety bond or working capital loan required by the Airport to perform construction projects.

The Program assists MBE/WBE/SBEs in obtaining surety bonds and working capital loans by (a) providing the qualified MBE/WBE/SBEs with training and assistance in obtaining bonds and loans, and (b) guaranteeing to the commercial surety or loan company that the Airport will repay a percentage of the surety bond or the loan if the contractor defaults. The Airport has established a \$4 million line of credit with Wells Fargo Bank, and uses funds from the line of credit as collateral to surety and loan companies for the purpose of guaranteeing that surety bonds and working capital loans for MBE/WBE/SBE contractors will be paid in the event that the contractor defaults.

According to Mr. Peter Nardoza of the Airport, the Airport Surety Bond Program has assisted 40 MBE/WBE/SBEs in

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

successfully bidding for and receiving Airport construction contract awards. Mr. Nardoza states that there have been no loan defaults or claims on these loans and bonds.

The proposed resolution would authorize the Airport to increase the present line of credit for the Airport Surety Bond Program with Wells Fargo Bank from \$4 million to \$6 million, an increase of \$2 million or 50%, to be used to guarantee additional bonds and loans for MBE/WBE/SBEs. Such authorization would allow the Airport to expand the Airport Surety Bond Program to include a Concession Bond and Loan Program. The Concession Bond and Loan program would assist additional MBE/WBE/SBEs in bidding on and obtaining Airport leases to operate concessions, by providing assistance in obtaining (a) surety bonds, which are required by the Airport to guarantee concessionaire's lease payments, and (b) working capital loans.

Comments:

1. According to Mr. Michael Johnson of Merriwether and Williams Insurance Services, the firm that administers the Airport Surety Bond Program on behalf of the Airport, the Airport issues a Letter of Credit, drawn on the Wells Fargo Bank line of credit, to the surety or loan company to serve as collateral for the surety bond or working capital loan obtained by the MBE/WBE/SBE contractor participating in the Program. The Letter of Credit is held in escrow by the surety or loan company until completion of the Airport construction project and then returned to the Wells Fargo line of credit. In the event that the contractor defaults on the surety bond or the construction loan, the Letter of Credit is used to reimburse the surety or loan company a percentage for their losses, and the contractor is liable to the surety or loan company for any remaining monies due them.

2. Attachment I, provided by Merriwether and Williams Insurance Services, is summary of the Airport Surety Bond Program activity to date.

- Attachment I(a) is a memorandum summarizing the surety companies and banks that participate in the Airport Surety Bond Program.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

- Attachment I(b) is a summary of MBE/WBE/SBE contractors that have participated in the Program since January 1995 and have received Letters of Credit from Wells Fargo Bank to guarantee surety bonds.
- Attachment I(c) is a summary of MBE/WBE/SBE contractors that have participated in the Program since January 1995 and have received Letters of Credit from Wells Fargo Bank to guarantee working capital loans.

3. Attachment II is a list of MBE/WBE/SBE contractors who currently have Airport construction contract awards and have active Letters of Credit from Wells Fargo Bank to guarantee either surety bonds or working capital loans. Currently, 14 MBE/WBE/SBEs have active Letters of Credit, totaling \$2,715,920. The remaining balance in the Wells Fargo Bank line of credit is \$1,284,080 (\$4,000,000 minus \$2,715,920).

4. The Airport has contracted with Merriwether and Williams to administer the Program for a monthly charge of \$12,500. Ms. Sandra Crumpler of the Airport advises that expanding the current Program to include the Concession Bond and Loan Program and increasing the Airport's line of credit with Wells Fargo Bank will not increase the administrative fees paid by the Airport.

5. Ms. Crumpler advises that the Airport contracts with outside accounting firms to assist MBE/WBE/SBE contractors enrolled in the Airport Surety Bond Program in compiling the financial reports that are required to qualify for surety bonds and working capital loans, at a cost of up to \$3,200 per MBE/WBE/SBE contractor. Expanding the program to include additional MBE/WBE/SBEs who are awarded concession leases by the Airport will increase the number of MBE/WBE/SBEs that receive assistance in compiling financial reports from outside accounting firms by 8 to 10 MBE/WBE/SBEs per year, requiring the Airport to pay an additional \$25,600 to \$32,000 per year to outside accounting firms. Ms.

Memo to Finance and Labor Committee  
July 14, 1999 Finance and Labor Committee Meeting

Crumpler states that the Airport has sufficient funds in its Capital Project Funds to cover such increased costs.

**Recommendation:** Approval of the proposed resolution is a policy matter for the Board of Supervisors.

BOARD OF SUPERVISORS  
BUDGET ANALYST

Attachment I(a)



MERRIWETHER  
& WILLIAMS  
INSURANCE SERVICES

July 7, 1999

Ms Sandra Crumpler  
MBE/WBE Outreach Office  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128-8097

RE: History of the Program to date

VIA FACSIMILE

650.794-5146

Dear Sandra:

Please find enclosed the following activity reports:

1. SFIA Surety Bond Activity
2. SFIA Loan Activity
3. Program Balance Sheet

The Surety Companies used to date are as follows:

1. Amwest Surety Insurance Company
2. Midwest Indemnity
3. Star Insurance Company (now Century Surety Underwriters)
4. Mountbatten Surety Company, Inc.

The Banks used to date are as follows:

1. The Mechanics Bank
2. Sumitomo Bank (now California Bank and Trust)
3. Mid-Peninsula Bank
4. Pacific Bank
5. Peninsula Bank
6. First National Bank of Northern California
7. Bank of the Orient

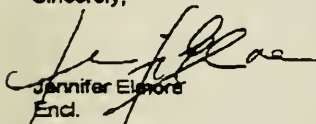
Working capital monies are loaned to the contractor by one of the following examples:

1. One line of credit with two facilities where the bank is able to separate the monies provided to the client for Airport work.
2. A Line of Credit backed by Accounts Receivables where a borrowing based certificate with attached invoice is used to document or track the use of the monies.

Loan repayment follows bank policy. Simultaneously, the Surety Bond Program tracks loan repayment via Collateral Status Reports.

If you have any questions or concerns regarding this matter, please do not hesitate to call.

Sincerely,

  
Jennifer Elmore  
Encl.  
/je

INSURANCE BROKERS/CONSULTANTS  
417 MONTGOMERY STREET, SECOND FLOOR  
SAN FRANCISCO, CALIFORNIA 94104  
415.986.3999 FAX 415.986.4421 EMAIL: MERRIWILL@AOL.COM  
CA LICENSE DC01373

## SAN FRANCISCO INTERNATIONAL AIRPORT SURETY BOND PROGRAM BOND ACTIVITY

As of July 1999

Construction Firm	199C Certification	Date of Request	Contract No.	Bid Estimate	Credit Enhance <sup>1</sup> Approved	R of No.	Bid Result	Final Contract Bond Amt	Credit Enhance <sup>1</sup> Issued	Amount <sup>2</sup> Subtotal
1 Pyramid Construction	Asian	Jun 1995		\$18,000			Low	\$27,930		
2 Apparent Construction	Asian	March 1995		\$1,000,000			Not Low			
3 A.R. Construction	Hipanic	March 1995		\$705,000			Non Responsive			
4 Apparent Construction	Asian	March 1995	3427	\$50,000	\$5,000	1	Low	\$45,036	\$5,000.00	
5 Apparent Construction	Asian	May 1995	3371A	\$50,000	\$5,000	2	Not Low			
6 Oliver Construction	Black	May 1995		\$400,000			Withdraw Bid			
7 A.R. Construction	Hipanic	June 1995		\$1,026,000			Not Low			
8 Pyramid Construction	Black	June 1995		\$42,000			Non Responsive			
9 A Answer Inc.	Black	June 1995		\$111,000			Not Low			
10 A Answer Inc.	Black	June 1995		\$36,000			Not Low			
11 Hopkin H & V	Black	June 1995		\$95,000			Not Low	\$87,410		
12 N & R Construction	Asian	June 1995		\$1,500,000			Withdraw Bid			
13 Let's Get Busy	Black	Aug 1995		\$95,000			Not Low			
14 Landmark Bldg & Eng	Asian	Aug 1995		\$62,000			Withdraw Bid			
15 Leonard Michaels Construction	WBE	Aug 1995		\$43,100			Not Low			
16 N & R Construction	Asian	Aug 1995		\$61,200			Not Low			
17 Pyramid Construction	Asian	Aug 1995		\$36,500			Low	\$30,500		
18 JMB Construction	WBE	Sept 1995	3501	\$317,500	\$47,828	8	Low	\$317,500	\$47,828.00	
19 N & R Construction	Asian	Nov 1995		\$405,000			Not Low			
20 Landmark Bldg & Eng	Asian	Nov 1995		\$90,000			Not Low			
21 A.R. Construction	Hipanic	Nov 1995		\$360,000			Not Low			
22 Oliver Construction	Black	Nov 1995		\$400,000			Not Low			
23 Leonard Michaels Construction	WBE	Nov 1995		\$300,000			Not Low			
24 Granite Excavation & Dermo	SBE	Nov 1995	3484	\$600,000	\$320,000	3	Not Low			
25 Mandalaan Construction	Black	Dec 1995	3433A	\$850,000	\$65,000	4	Not Low			
26 Oliver Construction	Black	Dec 1995	3433A	\$800,000	\$100,000	5	Low	\$722,318	\$100,000.00	
27 Oliver Construction	Black	Dec 1995		\$350,000			Not Low			
28 Mandalaan Construction	Black	Dec 1995		\$150,000			Not Low			
29 A.R. Construction	Hipanic	Jan 1996		\$600,000			Not Low			
30 Midland Tong	Asian	Jan 1996		\$365,000			Low	\$613,289		
31 R & W Concrete	Hipanic	Feb 1996	3433A	\$390,000	\$77,800	7	Low	\$390,000	\$77,800.00	
32 Granite Excavation & Dermo	SBE	Feb 1996	3583	\$1,300,000	\$520,000	8	Not Low			
33 N & R Construction	Asian	March 1996		\$80,000			Not Low			
34 Oliver Construction	Black	March 1996		\$50,000			Not Low			
35 N & R Construction	Asian	April 1996		\$60,000			Not Low			
36 Midland Tong Construction	Asian	May 1996		\$1,070,000			Low	\$1,070,500		
37 Miller/Hompson Const	WBE	May 1996		\$1,300,000			Not Low			
38 Oliver Construction	Black	May 1996		\$700,000			Not Low			

SFIA Bond Activity

1

January 1995 - July 1999

7/7/99

SAN FRANCISCO INTERNATIONAL AIRPORT SURETY BOND PROGRAM BOND ACTIVITY

As of July 1999

Construction Firm	HRC Certification	Date of Request	Contract No.	Bid Estimate	Credit Enhance <sup>1</sup> Approved	Rat No.	Bid Retain <sup>2</sup>	Final Contract Bond Amt	Credit Enhance <sup>3</sup> Issued	Annual <sup>4</sup> Subtotals
36 Granite Excavation & Demo	BRE	May 1996	509E	\$2,500,000	\$750,000	9	Not Low			
40 Miller/Thompson Const	WBE	May 1996		\$1,700,000			Not Low	\$600,000	\$25,000.00	\$16,015,300
41 INAB Construction	WBE	June 1996	5801	\$600,000	\$25,000	10	Low			
42 Oliver Construction	Black	July 1996	5902B	\$800,000	\$300,000	11	Not Low			
43 Robbline General Contractors	BRE	Aug-96	3646R	\$1,400,000	\$210,000	12	Not Low			
44 Oliver Construction	Black	Aug-96	3646R	\$1,200,000	\$460,000	13	Not Low			
45 BCN Company	WBE	Sept 1996	2435R	\$500,000	\$128,000	14	Not Low			
46 Oliver Timothy Construction	Black	Oct 1996	3062B	\$2,100,000	\$750,000	16	Not Low			
47 Airport Pavement Markings	WBE	Nov 1996	3686	\$340,000	\$102,000	18	Not Low			
48 Whinnon Construction	Asian	Dec 1996	3686	\$50,000	\$7,600	18	Not Low			
49 Left Gas Bury	Black	Jan 1997	3436R2	\$620,000	\$200,000	24	Not Low			
50 Whinnon Construction	Asian	Jan 1997	3436R2	\$620,000	\$200,000	21	Not Low			
51 BCN Company	WBE	Jan 1997	2346 F1	\$950,000	\$64,771	28	Low	\$339,066	\$44,771.00	
52 BCN Company	WBE	Jan 1997	3324A	\$800,000	\$225,000	25	Not Low			
53 Left Gas Bury	Black	Jan 1997	2346E	\$520,000	\$208,000	20	Not Low			
54 BCN Company	WBE	Feb 1997	3436R2	\$660,000	\$137,600	23	Not Low	\$6,613,000	\$760,000.00	\$18,664,000
55 Hopkine Heating & Cooling	Black	April 1997	6650AR	\$7,700,000	\$750,000	30	Low	\$849,640	\$100,000.00	
56 Mandelbaum Construction	Black	May 1997	3046E	\$1,034,000	\$100,000	30	Low	\$104,000	\$20,000.00	
57 Tempco Insulation	Asian	Sept 1997	6650AR	\$104,000	\$20,000	33	Low	\$2,410,000	\$100,000.00	
58 JC Hanks	Asian	Mar-98	6340E	\$2,410,000	\$100,000	35	Low	\$440,000	\$102,000.00	
59 Fire Barriers	WBE	May-98	6640E	\$460,000	\$102,000	36	Low	\$245,800	\$103,220.00	
60 Silver Clans & Minor	Hispanic	May-98	5602 A	\$254,800	\$103,220	37	Low			
61 Biller McCoy Builders	Black	Feb-98	4085	\$450,000	\$160,000	32	Not Low			
62 Whinnon Construction & Electric	Asian	Jul-98	6690A	\$375,000	\$15,000	34	Bids 7-9-99			\$4,078,100
<b>TOTAL</b>				<b>\$44,932,100</b>	<b>\$6,634,116</b>			<b>\$12,208,967</b>	<b>\$1,038,316</b>	<b>\$44,932,100</b>

<sup>1</sup>Credit Enhancement

<sup>2</sup>Final Contract Amount/ Fiscal Year End June 30

<sup>3</sup>Bid rejected due to error in completing bid documents

Synopsis of Escrow Activity Through December 1998

Sixty-two (62) transactions totaling \$44,932,100.00  
 Sixteen (16) Contracts awarded totaling \$14,204,567.00 million with twelve (12) Contractors requiring Credit Enhancement totaling \$1,000,116.00.  
 Five (5) Asian Contractors awarded Contracts totaling \$4,307,766 requiring \$125,000 in guarantees.  
 Four (4) Black Contractors awarded Contracts totaling \$7,512,390 requiring \$950,000 in guarantees.  
 Two (2) Hispanic Contractors awarded Contracts totaling \$649,800 requiring \$181,720 in guarantees.  
 Three (3) WBE Contractors awarded Contracts totaling \$1,736,580 requiring \$349,396 in guarantees.

# SAN FRANCISCO INTERNATIONAL AIRPORT SURETY BOND PROGRAM LOAN GUARANTEE ACTIVITY REPORT

As of July 1, 1999

Construction Firm	Beneficiary	MHC Certification	Date of Request	Loan Amount	Credit Enhance* Approved	Ref No.	Credit Enhancement Status
Miller/Thompson Construction	Mechanics Bank	WBE	Sept 1996	\$100,000	\$50,000	18	Inactive
Ward Long Construction	Burnham Bank	Asian	May 1996	\$500,000	\$250,000	17	Active
Kingston Construction	Mt. Peninsula Bank	DBE	Jun 1997	\$250,000	\$50,000	22	Inactive
Ramirez Engineering	Pacific Bank	WBE	Feb 1997	\$300,000	\$150,000	26	Inactive
Miller/Thompson Construction	Mechanics Bank	WBE	March 1997	\$400,000	\$200,000	27	Inactive
Base Electric	Peninsula Bank	Asian	June 1997	\$100,000	\$50,000	31	Active
Airport Pavement Markings	Suncoast Bank	WBE	July 1997	\$100,000	\$50,000	32	Active
C&M Electric	First National Bank	Hispanic	July 1998	\$50,000	\$25,000	38	Inactive
MH Construction Management	Bank of the Orient	Asian	Sept 1998	\$500,000	\$125,000	39	Active
Miller/Thompson Construction	Mechanics Bank	WBE	Nov 1998	\$750,000	\$375,000	41	Active
Ogden Environmental	First National Bank	Black	Jan 1999	\$500,000	\$250,000	40	Active
LTM Construction	First National Bank	Black	March 1999	\$500,000	\$250,000	43	Active
<b>TOTAL</b>				<b>\$4,150,000</b>	<b>\$1,825,000</b>		

## \*Credit Enhancement

### Summary of Program Activity Through July 1999

Twelve (12) loan guarantees issued totaling \$4,150,000 million requiring \$1,825,000 in Airport credit enhancement

SFIA Loan Agency  
7/1/99

January 1995 - July 1998

# **SAN FRANCISCO INTERNATIONAL AIRPORT SURETY BOND PROGRAM**

## **PROGRAM BALANCE SHEET**

As of July 1999

### **GENERAL FUND**

Transaction		Amount	
Date	Contractor		
	Program Balance	\$4,000,000.00	
Feb-96	Oliver Construction	(\$100,000.00)	
Nov-96	Millard Tong	(\$250,000.00)	
Jun-97	Mendelian Construction	(\$100,000.00)	
Aug-97	Bess Electric	(\$50,000.00)	
Aug-97	Airport Pavement Markings	(\$50,000.00)	
Oct-97	Hopkins Heating & Cooling	(\$750,000.00)	
Oct-97	Temper Insulation	(\$20,000.00)	
Apr-98	JC Metal Specialists	(\$100,000.00)	
May-98	Fire Barrier	(\$192,000.00)	
May-98	Silver Glass & Mirror	(\$103,920.00)	
Sep-98	MH Construction Management	(\$125,000.00)	
Nov-98	Miller/Thompson Constructors	(\$375,000.00)	
Jan-99	Ogiso Construction	(\$250,000.00)	
Mar-99	LTM Construction	(\$250,000.00)	
	<b>REMAINING BALANCE</b>	<b>\$1,284,080.00</b>	



Memo to Finance and Labor Committee  
July 14, 1999 Finance and Labor Committee Meeting

Item 4 - File 99-1006

**Department:** Department of Human Services (DHS)  
Department of Real Estate (DRE)

**Item:** Resolution authorizing an amendment to an existing lease of property at 3801 Third Street for the Department of Human Services (DHS)

**Location:** 3801 Third Street, Suite 210

**Purpose of Lease:** Family Meetings Center to be operated by the DHS, Family and Children's Services (FCS) Division.

**Lessor:** Bayview Plaza, LLC

**Lessee:** City and County of San Francisco

**No. of Sq. Ft. and Cost Per Month:** DHS has an existing lease at 3801 Third Street consisting of 7,085 square feet at approximately \$1.352 per square foot per month, for a total of \$9,578.25 per month or \$114,939 annually. The proposed lease amendment would provide an additional 630 square feet at approximately \$1.50 per square foot per month, for an additional rental cost of \$945 per month.

**Additional Annual Cost:** \$11,340

**Term of Lease:** The existing five-year lease expires June 30, 2003. The proposed lease amendment would become effective upon approval of the Board of Supervisors and the Mayor and would also expire on June 30, 2003 (approximately four years).

**Utilities and Janitorial Services:** Under the existing lease, the City pays all costs for utilities and janitorial services, with the exception of separately metered electrical services, which is the responsibility of the lessor. The proposed lease amendment would not change this arrangement for the provision of utilities and janitorial services.

**Right of Renewal:** None.

**Source of Funds:** 37% Federal Grant Funds, 27% State Grant Funds and 36% General Fund included in DHS's FY 1999-2000 budget.

**Description:** The Department of Human Services (DHS) currently has an existing lease for Suites 110, 220 and 230 at 3801 Third Street. Ms. Rose Chow of DHS reports that these leased premises are occupied by a total of 31 City employees who handle the Family and Children's Services (FCS) Program for families and children in the Bayview Hunters Point area, as part of DHS's effort to be located in the community where its clients live.

Suite 110 consists of 3,135 square feet and is occupied by a total of 21 FCS staff persons, including (a) the Emergency Response, (b) Court Dependency, (c) the Child Health and Disability Prevention Program, and (d) the Family Preservation Unit and the Kinship Unit. Suites 220 and 230 consist of 1,977 and 1,973 square feet respectively and are occupied by the Family Services Unit, consisting of 10 FCS staff persons. Therefore, these 31 City employees occupy a total of 7,085 square feet at 3801 Third Street for an average of 228 square feet per employee.

The proposed resolution would authorize an amendment to this existing lease discussed above in order to provide an additional 630 square feet of space in Suite 210 at 3801 Third Street for a Family Meetings Center, where families, relatives, friends and community members can meet to develop plans to keep children safe at home or in temporary placement. Therefore, if the proposed resolution is approved, DHS would occupy a total of 7,715 square feet of space (7,085 plus 630) at 3801 Third Street. However, since the additional 630 square feet would be used as a Family Meetings Center, rather than for additional employee workspace, the existing 31 City employees at 3801 Third Street would continue to occupy an average of 228 square feet per employee.

As previously noted, the lease rate for this additional 630 square feet of space is approximately \$1.50 per square foot per month, for an additional rental cost of \$945 per month or \$11,340 annually. In addition, the proposed lease amendment would become effective upon approval of the

Board of Supervisors and the Mayor and would expire on June 30, 2003. The need for the subject additional space is explained in the attached memorandum, provided by Ms. Chow.

**Comments:**

1. If the proposed lease amendment is approved, the total annual cost of the City's lease at 3801 Third Street would increase by \$11,340 from \$114,939 to \$126,279.
2. Ms. Claudine Venegas of the Department of Real Estate reports that the proposed rent of \$1.50 per square foot represents fair market value.

**Recommendation:** Approve the proposed resolution.

## City and County of San Francisco

## Department of Human Services



Will Lightbourne  
Executive Director

Deputy Directors  
Bill Bettencourt  
Jim Buick  
Sally Kipper

### The Family Meeting Center

3801 Third Street, Suite 210

Family and Children's Services has over the past year embarked on a project to partner with other City Agencies and Community Based Organizations to change the way we have traditionally provided services. This effort has been focused on the Southeast corridor of the city. The Family Meeting Center is a continuation of that effort. The Ruth E. Smith Demonstration Project is San Francisco's five year program approved by the State to use fostercare funds to provide preventive services to families; and involves family conferencing on all cases referred to the project. The purpose to keep children safe, at home or with family. Family conferences affords the opportunity for families to come together and to develop plans to keep children safe.

It is anticipated that up to 400 families will be served during this period.

The Center is not an 8:00 to 5:00 operation it will be available evenings and weekends to meet the individual needs of the families.

The Center will also be used beginning this fall by Judge Donna Hitchens to hold review hearings on dependent children who's families reside in this area. This will be the first time such hearings will be held outside of the Juvenile Court and is a further effort to bring services to the community.

Items 5 and 6 - Files 99-1032 and 1033

Departments: Department of Human Resources  
Fire Department

Items: Ordinance adopting and implementing the provisions of a Memorandum of Understanding (MOU) between the San Francisco Fire Fighters Union Local 798, IAFF, AFL-CIO for Bargaining Unit 1 and the City and County of San Francisco for the two-year period July 1, 1999 through June 30, 2001 (File 99-1032).

Ordinance adopting and implementing the provisions of a Memorandum of Understanding (MOU) between the San Francisco Fire Fighters Union Local 798, IAFF, AFL-CIO for Bargaining Unit 2 and the City and County of San Francisco for the two-year period July 1, 1999 through June 30, 2001.

Description: In 1995, the Board of Supervisors approved an MOU with the Firefighters Union Local 798, Bargaining Units 1 and 2 for the four-year period from July 1, 1995 through June 30, 1999. Bargaining Unit 1 covers the following 17 uniform classifications, comprising a total of 1,517 employees:

H-2	Firefighter
H-3	Firefighter Paramedic
H-4	Inspector, Fire Prevention & Public Safety
H-6	Investigator, Bureau of Fire Prevention
H-10	Chief's Operator
H-16	Technical Training Specialist
H-18	Coordinator of Community Services
H-19	Operations-Training Supervisor, Airport
H-20	Lieutenant
H-22	Lieutenant, Fire Prevention & Public Safety
H-24	Lieutenant, Fire Investigations
H-28	Lieutenant, Training
H-29	Special Services Officer
H-30	Captain
H-32	Captain, Fire Prevention & Public Safety
H-33	Captain, Emergency Medical Services
H-39	Captain, Training

Memo to Finance and Labor Committee  
July 14, 1999 Finance and Labor Committee Meeting

Bargaining Unit 2 covers the following five uniform classifications, comprising a total of 61 employees:

H-40	Battalion Chief
H-43	EMS Section Chief
H-50	Assistant Chief
H-110	Marine Engineer of Fire Boats
H-120	Pilot of Fire Boat

The proposed two MOUs would extend the prior MOUs for the two-year term from July 1, 1999 through June 30, 2001 for Bargaining Units 1 and 2.

The major changes of the two new subject MOUs from the prior MOUs, which expired on June 30, 1999, include the following:

- Salary Increases: A 5.5 percent increase in the base salaries effective July 1, 1999 and an additional 5.5 percent increase in base salaries effective July 1, 2000, for total salary increases of 11 percent over the two-year term of these MOUs. Such increases in base salaries for the Fire Department are consistent with the salary increases approved by the Board of Supervisors for Police Officers under a MOU with the Police Officers Association.
- Working out of Classification Pay: Fire suppression employees would be required to perform the full range of duties of the higher rank in order to receive higher pay for working out of classification, instead of the prior practice of simply accepting responsibility and carrying out certain duties of the higher classification. In addition, although no criteria currently exists for non-suppression employees to receive the pay of a higher rank, the proposed MOU requires that the assignment to a higher rank must be in writing, the higher position must be an authorized budgeted position, the employee must perform the higher ranked duties for longer than ten consecutive workdays and, consistent with the Department of Human Resources guidelines, there would be a six-month limitation on such assignments.

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- Holiday Pay: Under the prior MOUs, every Fire Suppression employee received time and one-half for each of the 11 holidays, whether the employee works on that specific holiday or not. The Department of Human Resources estimates that this additional Holiday Overtime pay resulted in an increase of these employees' base salaries of eight percent. Under the proposed MOUs, all Fire Suppression employees would receive a six percent increase in their overall base salary. Although this constitutes a reduction of two percent, the six percent increase in base salary, in lieu of time and one-half for each of 11 holidays, is paid even if the Fire Suppression employees do not work on any of the 11 holidays. However, Ms. Villagomez reports that this Holiday Pay premium is unique for Fire Suppression employees because other City employees have either the holiday or another day off as a holiday benefit, which Fire Suppression employees do not receive and that this provision is consistent with Fire Department holiday pay practices in other jurisdictions. If a Fire Suppression employee calls in sick on a holiday when that employee is scheduled to work, and is therefore not able to work on that holiday, the employee would not receive the six percent premium just for that specific biweekly pay period.
- Education Incentive Pay Premiums: Previously, qualifying employees received a specific biweekly education incentive pay schedule according to employee classification, if they completed an Associate's degree in Fire Science or related field or a Bachelor's degree. The Department of Human Resources estimates that approximately 127, or eight percent of employees received this premium at a cost of slightly less than one percent of salaries. Effective July 1, 1999, a three percent incentive reward would be paid to all Local 798 employees with either (a) an Associate's degree in Fire Science or a related field, (b) a Bachelor's degree or (c) ten years of service with the Fire Department and completion of Fire Department

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annual training requirements. An additional three percent incentive reward would be added effective July 1, 2000, for a total of six percent education incentive premium. Although currently, additional education incentive pay is not considered part of an employee's salary when computing retirement benefits, the proposed incentive payments would be considered part of an employee's base salary for purposes of computing future retirement benefits and contributions. Ms. Debra Ward of the Fire Department estimates that given the additional provision to allow employees with at least ten years of service to receive this additional benefit will result in approximately 75 percent of the uniformed personnel to receive this additional pay premium.

- Administrative Assignment Pay Premiums: Instead of specific pay schedules which previously ranged from \$171 biweekly for Firefighters to \$227 for Captains, all field employees in Bargaining Unit 1 that are assigned by the Chief of the Department to perform administrative assignments for a 40-hour work week will receive an additional \$175 biweekly. Similarly, instead of specific pay schedules which previously ranged from \$275 for Battalion Chiefs to \$316 for Assistant Chiefs biweekly, all field employees in Bargaining Unit 2 that are assigned by the Chief of the Department to perform administrative assignments for a 40-hour work week will receive an additional \$225 biweekly. Under the prior MOUs, these administrative assignment pay schedules increased with each salary increase, but under the proposed MOU, the new standard pay rates would remain the same, regardless of salary changes, such that these proposed changes should result in savings for the City.
- Paramedic Cross-training Pay Premiums: Under both the prior and proposed MOUs, the difference in salary between an H-2 Firefighter and an H-3 Firefighter/Paramedic is approximately 15 percent. Effective July 1, 1999, employees enrolled in the Paramedic cross-training program will receive a

new three percent premium, which will increase to a five percent premium after completion of the initial six-month training requirements and continued participation in the training program. Under the prior MOU, there was no additional compensation for the Paramedic cross-training period.

- Hours: A change in the definition of a Fire Suppression workday from either 8 hours or 16 hours to a standard 12 hours. Ms. Villagomez reports that this change is intended to reconcile the number of actual hours worked with the existing pay practices within the Fire Department.
- Family Care Leave: Under the prior MOU, there was a more limited child care leave. Under the proposed MOU, there would be up to one year of unpaid Family Care Leave for all employees with one or more years of service. During such time, the City would continue to provide health and dental benefits for employees and their dependents. In addition, female firefighters returning from maternity leave may work a modified duty assignment up to six weeks, as determined appropriate by the Department's physician.
- Health Benefits: Full medical premium coverage for employees with no dependents and up to \$225 or 75 percent of the cost of Kaiser's Medical premium costs, whichever is greater, for each employee plus two dependents. The Department of Human Resources estimates that as of July 1, 1999, this provision will result in an increase of \$23 per month per dependent employee, since previously, the MOUs provided that the City contributed a flat \$225 per month towards dependent health coverage. In addition, except for unpaid Family Care Leave, the City will cease to pay for health coverage after 12 weeks of unpaid leave status.
- Wellness Program: Effective July 1, 1999, once a core account of 360 hours of sick leave has been

accrued for each employee, suppression employees can cash out 60 hours and non-suppression employees can cash out 50 hours of sick leave hours. Previously, there was no provision for cashing out sick leave hours and employees can accumulate up to 1,272 hours of sick leave. The Department of Human Resources notes that this provision should result in a significant reduction in overtime expenditures since overtime is required to backfill positions to cover for Firefighters who are out sick. However, the Department of Human Resources advises that there are no assurances that such reductions in overtime will actually be achieved.

- Radios: A new provision which would require the City to provide and maintain each truck company with two portable radios and each member of a rescue squad with one such radio while on duty. Previously, no radio provision existed in the MOUs. Ms. Alice Villagomez of the Department of Human Resources reports that this new provision is consistent with the planned switchover to the new 911 system.
- Health and Safety: Voluntary prostate and breast cancer screening would be offered and paid for by the Fire Department to males and females over 40 years of age through the Department's Health Check Program. Previously, no such screening program existed in the MOU.
- Employee Assistance Program: Requires continuation of a minimum of two full-time employees in the Stress Unit Program and coordination with the City's Employee Assistance Program. Previously, the Stress Unit Program had three full-time employees.
- Modified Duty Assignments: New provisions for the way modified duty assignments are determined and evaluated based on job injuries and illnesses. The proposed MOUs require closer monitoring, evaluation every 30 days and temporary

assignments limited to a maximum of one year. If an employee is injured while earning acting assignment pay of a higher rank, that employee may receive compensation of the higher rank if injured after serving more than ten days and modified duty at the higher rank is limited to no more than 30 days. Previously, the modified duty assignment provisions did not include responsibilities for monitoring and evaluation.

- Employee Training and Reimbursement: City will allocate \$8,000 per year for the next two years of this MOU, or a total of \$16,000, for tuition reimbursement for employees and such funds can be carried forward if not used in one fiscal year. Under the prior MOUs, the City allocated \$5,000 in FY 1997-98 and \$8,000 in FY 1998-99.
- Pre-retirement Seminars: Agreement to offer pre-retirement planning seminars on a semi-annual basis, with tuition reimbursement provided through the \$8,000 annual allocation noted above. Previously, the MOU did not provide for such seminars.

**Comments:**

1. Ms. Villagomez reports that these two proposed MOUs would only extend for two years, instead of four years as the previous Local 798, Bargaining Units 1 and 2 MOUs did, to coincide with the expiration of the two other major public safety employee MOUs (i.e., Police and Sheriff), which also extend through June 30, 2001. The proposed MOUs also provide for the City and Local 798 to agree on a negotiation schedule for the next MOUs by the end of December of 2000, or six months prior to the expiration of the proposed MOUs.
2. The above described provisions of the proposed two MOUs relate to the major financial changes from the two prior MOUs. However, it should be noted that there are various other provisions in the two subject MOUs, including: (1) prohibiting discrimination based on gender identity, (2) the Fire Department's agreement to post union notices, when such notices are submitted in writing 72 hours in advance, (3)

employees may continue to receive compensatory time off instead of paid overtime, but now it will require the approval of the Chief of the Fire Department, (4) adverse comments may not be placed in an employee's personnel file without that employee's notification, (5) new grievance procedures, and (6) an Intermittent Daily Vacation provision which codifies existing practices for using accrued vacation time.

3. In addition, the Bargaining Unit 1 MOU provides that if the City creates any new uniformed Fire Department classification below the rank of Battalion Chief during the term of this agreement, those new classifications will automatically be included in Bargaining Unit 1 and covered by the terms of that agreement. Previously, the MOU did not specify future creation of new classifications.

Another new provision in the Bargaining Unit 1 MOU is the Agency Shop provision which, Ms. Villagomez advises, is enabling legislation to permit a fair share service fee to be paid by those uniform employees within the Fire Department who are not members of Local 798, but who receive benefits negotiated by Local 798. Ms. Villagomez notes that membership in Local 798 is voluntary. Although the amount of such fees has not yet been determined, Ms. Villagomez reports that the Controller would deduct such fees from the employee's paychecks and remit such fees to Local 798. Ms. Villagomez further advises that the City receives an administrative fee from Local 798 to cover such payroll deductions.

4. Another provision of the proposed MOUs which is particularly noteworthy regards the Fire Department's vacation accrual. The proposed MOU states that the City, through the Human Resources Department and Local 798 will meet within 30 days of the effective date of these MOUs to develop a plan that is consistent with Administrative Code Sections 16.11 and 16.12, which would become effective July 1, 2000. Administrative Code Section 16.12 states that the maximum accrual of vacation for all City employees is 400 hours. However, Administrative Code Section 16.11 acknowledges that uniform personnel in the Fire

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Department had previously accrued more than the 400 maximum number of hours and required the Fire Department to bring the Department into compliance with the rest of the City by "no later than December 31, 1989".

Ms. Villagomez reports that the new MOUs provisions were included because Fire Department personnel have still been permitted to accrue up to 600 hours of vacation time, although the City's Administrative Code was very clear in specifically limiting accrued vacation time of up to 400 hours and addressing the previous Fire Department's exception. The Budget Analyst seriously questions why the Fire Department has not been in compliance with the provisions of the City's Administrative Code for the past ten years and why this provision is being included in this MOU, to give the Fire Department even more time to bring the Fire Department into compliance, when the City's Administrative Code Sections 16.11 specifically addressed this issue and stated that such compliance would be completed "no later than December 31, 1989". Furthermore, approval of this new MOU provision would mean that the Board of Supervisors would have no impact as to the final results of the vacation accrual plan which would be decided by the Department of Human Resources and Local 798 30 days subsequent to the Board of Supervisors vote on these proposed MOUs.

5. Despite the well-documented problems with Fire Department overtime, it should also be noted that there are no changes to the overtime compensation section of the proposed two MOUs, except the inclusion that compensation will be at one and one-half times the base hourly rate, except as otherwise required by the Federal Labor Standards Act. Previously, the MOUs simply stated that overtime compensation would be at one and one-half times the base hourly rate. The Budget Analyst also notes that the staffing requirements for the Chief's Operators would not change under the proposed MOUs.

Furthermore, the Budget Analyst notes that Education Incentive Pay Premiums, which are

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proposed to increase from a specific biweekly pay amount for each classification to a three percent increase as of July 1, 1999 and another three percent increase, for a total of six percent, as of July 1, 2000 result in an increase at an accelerating rate, since such premiums will now be based on a percentage of salaries rather than a fixed amount. Furthermore, including such Pay Premiums in computing retirement benefits will further increase the Fire Department's retirement costs for the City. Ms. Villagomez reports that such policies are comparable to those included in the current Police Officers Association MOU.

In addition to the numerous changes in the proposed MOUs identified above, the Budget Analyst notes, and Ms. Villagomez acknowledges that there are two additional enhancements included in the proposed MOUs for the uniformed Fire Department employees than the existing Police MOUs currently provide for uniformed Police Department employees. As previously noted, one of these enhancements is the improved City paid health benefits for 75 percent of Kaiser Medical premiums for each employee plus two dependents, which Police Officers do not receive. As previously noted, the Fire Department MOUs also provide Administrative Assignment Pay Premiums, which the Police Officers do not receive.

6. In summary, under the proposed MOU, a H-2 Firefighter at the current maximum annual salary of \$56,697 would receive (a) two additional 5.5 percent salary increases on July 1, 1999 and July 1, 2000, for a total of 11 percent; and (b) Holiday Pay of six percent of the base salary. Approximately 75 percent of the employees would also receive the Education Incentive Pay Premiums of three percent on July 1, 1999 and another three percent on July 1, 2000, for a total of six percent, for a total additional compounded salary increase of 25.2 percent, or \$14,288, resulting in a total annual base salary of \$70,985 beginning July 1, 2000. In addition, H-2 Firefighters are likely to receive additional compensation for working any overtime hours, paid at time and one-half, and to receive other premium pay provisions, such as Administrative

Assignment Pay, or Paramedic Cross-Training Pay, which are included in the proposed MOUs.

7. The additional cost of these proposed MOUs will be funded from the Salary and Benefits Reserve included in the FY 1999-2000 recommended budget. As of the writing of this report, the Controller has not completed a final cost estimate for these proposed MOUs. Consequently, Mr. Matthew Hymel, Mayor's Director of Finance has requested continuation of the two proposed ordinances for one week.

**Recommendation:** Continue the proposed ordinances as recommended by the Mayor's Director of Finance.



Item 7 - File 99-1073

**Department:** San Francisco Public Utilities Commission (PUC)

**Item:** Resolution authorizing a new ten year lease of vacant City-owned land in Alameda County, under the jurisdiction of the Public Utilities Commission, to Nextel Communications for use as a communications site.

**Location:** Assessors Parcel No. 096-0376-007-02, known as a portion of Parcel 65 of Sunol and San Antonio Lands, located at 11600 Pleasanton-Sunol Road, Sunol, Alameda County, California

**Purpose of Lease:** To allow Nextel Communications to erect antennas and other equipment necessary for its cellular telephone, radio, and/or other telecommunications services to the public.

**Lessor:** City and County of San Francisco, through the Public Utilities Commission

**Lessee:** Nextel of California, Inc., doing business as Nextel Communications

**No. of Sq. Ft. and  
Rent Per Month:** 875 square feet at \$2,100 per month (\$2.40 per square foot)

**Annual Rent Payable  
By Nextel  
Communications to  
The City:** \$25,200. From the first anniversary of the lease commencement date, and for the remaining eight years of the lease, the annual rent will be adjusted every twelve months by the annual percentage increase of the Consumer Price Index. The monthly base rent on or after the adjustment date cannot be less than the monthly base rent in effect immediately prior to the adjustment date.

In addition, the base rent will be adjusted to equal the fair market rental of such property on the fifth anniversary of the lease commencement date. This adjustment will be determined by the Public Utilities Commission's Bureau of Commercial Land Management, using a market survey approach, in consultation with the Department of Real

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Estate. The adjustment will take into account (a) the location and size of premises covered by leases of comparable space, and (b) the terms, conditions, renewal terms, and duration of comparable leases. The annual base rent on or after the adjustment date cannot be less than the annual base rent in effect immediately prior to the adjustment date.

**Term of Lease:** The proposed lease between the Public Utilities Commission and Nextel Communications would commence upon approval by the Board of Supervisors and would expire ten years thereafter (approximately July 2009).

**Right of Renewal:** None

**Description:** The proposed resolution would authorize a ten year lease of 875 square feet of vacant space on City-owned land located in Sunol, Alameda County, which is under the jurisdiction of the Public Utilities Commission.

Nextel Communications proposes to construct and maintain a 200 square foot telecommunications facility, mobile/wireless antennas, and fencing, adjacent to the existing telecommunications structures erected by the other lessees of City-owned land at Sunol: GTE Mobilnet, BACTC, Sprint Spectrum L.P., and Pacific Bell Mobile Services. Nextel Communications' building plans and specifications have been reviewed and approved by the Public Utilities Commission.

**Comments:** 1. Attachment I provided by the Public Utilities Commission contains a schedule of the four existing leases which the Commission has with other cellular communications companies at the Sunol site for similar cellular communications purposes. The attached schedule lists the lessees, the dates and terms of their leases, and the square footage leased, and the rental rates. If the proposed lease with Nextel Communications is approved, the total rental revenues to be received by the Public Utilities Commission at the Sunol site from the cellular companies will be \$9,311 per month, or \$111,732 annually. As shown in Attachment I, the proposed subject lease with Nextel Communications will result in the highest rent received by the City for a single cellular communications

site at Sunol. Attachment I also explains the reasons why the square foot rental rate for the existing cellular communication site leases at Sunol are higher than for the proposed Nextel Communications site lease.

2. Mr. Gary Dowd of the Public Utilities Commission advises, for this subject lease with Nextel Communications, that the proposed rental rate of \$2,100 per month is the current Public Utilities Commission rate for cellular communication site leases and that it is considered to be fair market value. The Public Utilities Commission undertook a market survey of other Bay Area cities, counties, and public sector utilities which had leases with cellular communications and radio transmission companies, and found that the Public Utilities Commission charges the highest cellular communications site rental rates because its lessees were prepared to pay a premium for this prime location in Sunol. Attachment II summarizes the key survey findings as they relate to cellular communications sites which, according to Mr. Dowd, are comparable to the proposed subject lease with Nextel Communications. This survey shows that the proposed rental of \$2,100 per month to be paid by Nextel Communications to the Public Utilities Commission is higher than the highest rent charged for a cellular communications site by the five surveyed counties. The survey of the rents charged by those five counties for nine other cellular communications sites range from the \$1,000 per month charged by Marin County to the \$2,000 per month charged by Santa Clara County.

3. The Public Utilities Commission's Bureau of Environmental Regulation Management has certified that Nextel Communication's lease of the site has no effect on the environment and, therefore, it has a categorical exemption from the requirements of the California Environmental Quality Act. Furthermore, the subject lease requires Nextel Communications to obtain the necessary Alameda County permit approvals prior to any construction work which is to be done on the leased City-owned land.

**Recommendation:** Approve the proposed resolution.

BOARD OF SUPERVISORS  
BUDGET ANALYST

Leases Between the City and Cellular Communications Companies at Sunol, Alameda County

<u>Company</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Square Feet</u>	<u>\$ Per Square Foot</u>	<u>Initial Monthly Rent</u>	<u>Monthly Rent at July 1999</u>	<u>Annual Rent</u>
GTE Mobilnet	May 1, 1996	10 years	360	\$4.17	\$1,500	\$1,610	\$19,320
BACTC	May 1, 1996	10 years	360	\$4.17	\$1,500	\$1,610	\$19,320
Sprint Spectrum L.P.	May 20, 1997	10 years	252	\$7.14	\$1,800	\$1,932	\$23,184
Pacific Bell Mobile Services	September 15, 1997	5 years	150	\$13.33	\$2,000	\$2,059	\$24,708
Nextel Communications	Proposed	10 years	875	\$2.40	\$2,100	\$2,100	\$25,200
TOTAL				-	-	\$9,311	\$111,732

Each lessee's site varies in size due to the differing size specifications of their equipment. According to Mr. Gary Dowd of the Public Utilities Commission, lessees' rents are determined according to market rental rates for cellular communications sites (which have been progressively increasing since 1996 to the point where they are now approximately \$2,100 per month), rather than on the basis of square footage. This is because a cellular communications site's functional usefulness is more important than its size in determining the rental rate. The "lot value" of a cellular communications site is based on the service provided to cell phone users, not on the space needs of an individual cellular communication company's technology. Nextel Communications has larger equipment than its competitors, hence its need for a larger site (which also allows for the necessary access ways and fencing to keep out grazing cattle). Mr. Dowd advises that site leases

are unlikely to increase beyond \$2,100 in the current market because of the lower rentals being charged by private land owners.

According to Mr. Dowd, while it is the Public Utilities Commission's intention to negotiate as many cellular communications site leases as possible, all the major industry competitors already have their equipment located at the Sunol site. Therefore, although the hill-top site has considerable spare capacity, it is unlikely that further sites will be required.

Each of the 1996 and 1997 leases has been subject to Consumer Price Index increases since their commencement.

Tabulation of Comparable Market Data Collected by the Public Utilities Commission on Directly Comparable Sites

Location	Lessor/Lessee	Lease Date	Term	Total Length	Negotiated Base Rent Per Year	Negotiated Base Rent Per Month	Increases	Estimated Current Base Rent Per Month
Barnabe Mt., Marin County	Marin County/Cellular One	Current Negotiations	5 years	15 years	N/A	\$1,000	CPI annual	\$1,000
Mt. Diablo, Contra Costa County	California State Parks/AT&T	1989	5 years	5 years	N/A	\$1,250	CPI annual	\$1,250
Santa Cruz County	City of Scotts Valley/GTE Mobile	1992	5 years	20 years	N/A	\$1,300	CPI annual	\$1,405
Nadine Peak, Contra Costa County	Hook/Cellular One	1990	5 years	20 years	N/A	\$1,200	5% annual	\$1,460
Nadine Peak, Contra Costa County	Hook/If negotiated today	N/A	5 years	20 years	N/A	\$1,500	5% annual	\$1,500
Pulgas Ridge, San Mateo County	City of San Mateo/Cellular One	1992	5 years	Negotiable	N/A	\$1,400	Min. 4% Max. 8%	\$1,515
Pillar Point, San Mateo County	San Mateo County/GTE Mobile	1991	5 years	Negotiable	N/A	\$1,400	Min. 4% Max. 8%	\$1,575

Location	Lessor/Lessee	Lease Date	Term	Total Length	Negotiated Base Rent Per Year	Negotiated Base Rent Per Month	Increases	Estimated Current Base Rent Per Month
Sunol Ridge, Alameda County	Sunol Development Company/Bay Area Wireless	1991	5 years	35 years	\$16,200	N/A	CPI annual	\$1,605
Mt. Presson, Santa Clara County	Leeson/Motorola	1978	10 year	20 years	\$24,000	N/A	CPI annual	\$2,000
AVERAGE								\$1,479



Item 8 – 99-1085

Department: Police Department (SFPD)  
District Attorney

Item: Hearing to consider the release of reserved funds in the amount of \$1,654,177, including \$380,115 from the State Citizen's Option for Public Safety (COPS) Program and \$1,274,062 from the Federal Community Oriented Policing Services – Making Officer Redeployment Effective (COPS – MORE) Program, to purchase computer equipment and technology for the Police Department and the District Attorney's Office.

Amount & Source of Funds:	Federal Community Oriented Policing Services – Making Officer Redeployment      More      Effective (COPS – MORE) Program
\$1,274,062	
<u>\$380,115</u>	State Citizen's Option of Public Safety (COPS) Program
\$1,654,177	Total

Description: In April of 1997, the Board of Supervisors authorized the Chief of Police to apply for retroactively, accept and expend grant funds in the amount of \$1,558,717 from the U.S. Department of Justice, Office of Community Oriented Policing Services – Making Officer Redeployment Effective (COPS – MORE) for a project entitled the COPS-MORE Program (File No. 143-97-2).

The Board of Supervisors subsequently appropriated \$519,573 of State Citizen's Option for Public Safety (COPS) Program revenue to match the subject Federal COPS – MORE grant (File Nos. 101-96-52, 98-243 and 101-96-60).

Of the previously allocated \$1,558,717 in Federal COPS-MORE grant funds and \$519,573 in State COPS funds, \$1,274,062 and \$380,115 respectively were placed on reserve pending (a) the Committee on Information Technology (COIT) approval for the proposed computer

equipment and technology for the COPS-MORE Program; (b) the selection of vendors and consultants; and (c) the submission of the finalized cost details for the proposed computer equipment and consultants. This request would authorize the release of the \$1,274,062 in Federal COPS-MORE grant funds and \$380,115 in State COPS funds, for a total of \$1,654,177 to be used for the COPS-MORE Program.

### **The COPS-MORE Program**

Sergeant John Bisordi of the Police Department advises that the purpose of the proposed COPS-MORE Program is to expand the time Police Officers are available for "community policing" by an amount equal to 116 FTE Police Officers per year. New computer equipment and technology would be used to assist Police Officers in performing their community policing duties, instead of hiring additional Police Officers or increased spending for overtime.

Community policing, as defined by the SFPD, is a philosophy, management style and organizational strategy which promotes (a) proactive problem-solving, (b) police-community partnerships that identify, prioritize and solve community problems and (c) full service personalized policing, where the same Police Officer patrols and works in a particular City neighborhood or area.

The requested funds of \$1,654,177 would be used by the SFPD to: (a) purchase 6 desktop computers and 177 laptop computers and install a Local Area Network (LAN) in the SFPD's Bureau of Investigations and the District Attorney's (DA) Office (\$804,495); (b) pay for database development services and software configuration and customization services by outside consultants (\$657,145); and (c) hire 10 new civilian employees to perform administrative duties currently being performed by sworn Police Officers (\$192,537). These three items are discussed in further detail below.

**Computer Equipment for SFPD's Investigations  
Bureau and District Attorney's Office (\$804,495)**

The SFPD's Bureau of Investigations is located on the fourth floor of the Hall of Justice at 850 Bryant Street and is staffed by 220 Police Inspectors and 20 other sworn personnel, for a total of 240 sworn personnel. The duties of Inspectors assigned to this Bureau include the investigation of all criminal cases and the presentation of cases to one of 10 Assistant DAs in the DA's Office (located on the third floor of the Hall of Justice) assigned to review cases for approval of a rebooking<sup>1</sup> or issuance of an arrest warrant. The rebooking/warrant approval process requires the Inspector to gather all relevant documents, complete supplemental reports and forms and provide detailed documentation of all activities performed by the Inspector. Under current practice, each Inspector must then physically carry completed case files to the DA's Office and wait for an Assistant DA to become available in order to review the case. The SFPD reports that the DA's Office currently reviews over 20,000 cases annually which require the involvement of Police Inspectors. According to the SFPD, this review process is time-consuming and limits the amount of time that Inspectors can dedicate to providing a Police presence on City streets.

Under the proposed grant program, the SFPD would purchase the computer equipment necessary to establish a Local Area Network (LAN) which would link the SFPD's Investigations Bureau and the DA's Office. Additionally, the SFPD would purchase six desktop computers for the DA's Office and 177 laptop computers for Police Inspectors.

According to the SFPD, this enhanced communication between Police Department Inspectors and Assistant DAs would (a) allow questions to be resolved rapidly, (b) improve the quality of work produced by Inspectors and

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<sup>1</sup> A rebooking is the process in which a Police Inspector presents the case against an arrested suspect for review by a District Attorney. The DA then decides what charges, if any, to rebook for prosecution against the suspect. State law requires that a rebooking be performed within 48 hours after an arrest.

(c) ultimately allow more rebooking and search warrant requests to be filed. SFPD advises that 177 laptop computers could also be taken by Inspectors into the field, thereby enhancing Police presence in the community. Additionally, desktop computers could be used by Inspectors and Assistant DAs at the Hall of Justice to obtain access to initial crime reports filed by Police Officers at the 10 District Police Stations.

Mr. Sandy Rosen of the Committee on Information Technology (COIT) reports that COIT approved the proposed computer equipment and technology for the SFPD and DA's Office as part of the City's project to create a new E-911 enhanced computer aided dispatch system. Ms. Lisa Harris of the Emergency Communications Department (ECD) advises that Pursuit Technology, Inc., Ciber Network Services and Desktop Products, Inc. submitted the lowest quotations and were selected as the vendors to provide distinct portions of the proposed computer equipment and technology. Mr. Rosen reports that these three firms are approved by COIT and the Purchaser as City "Computer Store" vendors.

Database and Software Development Services  
(\$657,145)

Under the proposed program, the SFPD would hire an outside consultant to develop a case management record database. This case management database would allow Police Inspectors to complete reports, forms and other case file information electronically.

In addition, the SFPD would hire an outside consultant to provide, configure and customize the report writing software to be used by Inspectors on the proposed 177 laptop computers in order to complete crime reports, documents and case file information.

Sergeant Bisordi states that the above-noted database and software development services will be provided by TRW, an outside consultant, and its subcontractors, as part of an existing City contract, totaling \$17,136,270, for TRW to provide professional services and software for the City's new E-911 enhanced computer aided dispatch

system. In August of 1997, the Board of Supervisors approved this City contract with TRW by resolution (File No. 172-97-24).

Hiring Civilian Personnel for the District Police Stations (\$192,537)

Each of the City's 10 District Police Stations is staffed by a station duty Police Officer on a 24 hour-per-day, seven day-per-week basis. Police Officers assigned to station duty are responsible for staffing the front counter, answering the telephone and providing general information to the public. The SFPD advises that the assignment of sworn personnel to these duties reduces the number of Police Officers available to perform police duties in the neighborhoods of each district.

The SFPD is requesting the release of \$192,537 to partially fund 10 new 1424 Clerk Typist positions to assume the duties currently being performed by sworn Police Officers assigned to station duty at the District Stations for a 12 month period. According to Sergeant Bisordi, the total cost of these 10 new positions, including salaries and fringe benefits, would be \$396,580 or \$204,043 more than \$192,537. Sergeant Bisordi advises that the funding source for the additional \$204,043 would be from previously appropriated 1996 Federal COPS-MORE grant funds and State COPS matching funds.

SFPD advises that the proposed hiring of 10 new civilian employees would enable the District Stations to redeploy Police Officers from station duty assignments to patrol assignments, thereby enhancing the presence of Community Police Officers on the streets more economically than by hiring ten new Police Officers.

**Budget:**

The Attachment, provided by the SFPD, contains the budget details supporting the proposed release of reserved funds in the amount of \$1,654,177 for the COPS-MORE Program.

**Comments:**

1. According to Sergeant Bisordi, the 10 new 1424 Clerk Typist positions would be hired at the first salary step of \$30,302 per year, or \$303,020 for 10 positions. In

addition, fringe benefits would be \$9,356 per position, or \$93,560 for 10 positions. Thus, the total amount needed for the 10 proposed positions is \$396,580 (\$303,020 plus \$93,560).

2. Sergeant Bisordi states that the Federal COPS-MORE grant funding may be available to continue to fund the proposed 10 new positions for an additional two years beyond the initial 12 months of grant funding. If no such funding is available, these 10 positions would expire upon completion of 12 months of grant funding, according to Sergeant Bisordi.

3. The 10 new positions have already been coded as "G" or "Grant funded" in the proposed FY 1999-2000 budget so that these positions would expire upon completion of 12 months of grant funding.

**Recommendation:** Approve the proposed release of reserved funds.

## The San Francisco Police Department's COPS-MORE '96 Project Budget

Cost				Amount
Hardware Equipment	PO Number	Invoice #	Vendor Selected	
No.				
Docking Stations	274 POED990000085	11631	Pursult Technology	6,049.42
Docking Stations	POED990000074	35916	Ciber Network	284,144.08
Laptop computers	177 POED990000056	195387	Desktop Products	23,338.70
Laptop computers	POED990000056	195040	Desktop Products	487,602.44
DA desktop computers	6 Quote	911091bs	Ciber Network	39,771.68
		Total Hardware Amount		\$ 850,808.30
Cops More Funded Amount				\$ 804,495
Professional Services				Amount
Automated Information System Software		Vendor Selected		
		TRW		
		Total Software Amount		\$ 2,721,626
Cops More Funded Amount				\$ 657,143
Civillan Component				Amount
10 1424 Clerk Typists		Cops More Funded and City Amount		
				192,537
Total Police 911 System Costs				\$ 3,764,969
Total Cops More Funding to be applied				\$ 1,654,177

(Note: The city has entered into a contract with TRW in 9/97 to provide professional services and automated information system software for a total of \$17,136,270. The Police department's share of the contract costs total \$2,721,626. For further information please see file number (172-97-24) regarding the contract with TRW.



Item 9 - File 99-1157

**Department:** Mayor's Office of Community Development (MOCD)

**Item:** Hearing to consider the release of previously reserved funds from the Emergency Shelter Grant Program (ESGP), under the 1999 MOCD budget, in the amount of \$52,000 to fund the following MOCD homeless projects: Community Awareness and Treatment Services, \$45,000; Metropolitan Community Foundation, \$7,000.

**Amount:** \$52,000

**Source of Funds:** Previously reserved funds in MOCD's 1999 budget for the ESGP

**Description:** The U.S. Department of Housing and Urban Development's Emergency Shelter Grant Program (ESGP) was first established under the Stewart B. McKinney Homeless Assistance Act in July of 1987. ESGP is designed to: (1) improve the quality of existing emergency shelters for the homeless; (2) expand the supply of emergency shelter beds; and, (3) pay the costs of operating emergency shelters, including supportive social services.

MOCD is responsible for administering and monitoring ESGP. Program funds are budgeted in five categories, including three program categories (Essential and Social Services, Maintenance and Operating Expenses, and Homeless Prevention Services), MOCD Administration, and an Emergency Shelter Grants Pool.

The Board of Supervisors reserved \$120,350 of Homeless Program Pool funds of the \$891,000 ESGP 1999 budget, pending submission of budget details of the homeless services projects to be funded (Resolution 109-99). According to the MOCD, the requested release of \$52,000 of Homeless Program Pool funds from the previously reserved funds of \$120,350 would pay for the following items:

Community Awareness and Treatment Services	\$ 45,000
Metropolitan Community Services	7,000
Total	<u>\$52,000</u>

Community Awareness and Treatment Services

Community Awareness and Treatment Services, a non-profit agency, would receive \$45,000 for facility renovation of the Resource Center for homeless men, which is located at 399 Fremont. The renovated Resource Center provides 24-hour drop-in services and locker storage for personal items. Attachment 1, provided by MOCD, details the proposed budget for this project.

Metropolitan Community Foundation

The Metropolitan Community Foundation (MCF), a non-profit agency, would receive \$7,000 to make kitchen improvements to meet code requirements as outlined in Attachment 2, provided by MOCD. According to Mr. Jon Pon, Program Manager, of the MOCD, the kitchen needs the installation of a more powerful exhaust fan to alleviate the amount of heat being generated from the meal preparation operations. The \$7,000 also includes the electrical work directly related to the exhaust fan installation. The MCF operates a meal program for homeless persons in the Castro community at 150 Eureka Street. Meals are served twice a week and additional meals are prepared once a week for distribution at a needle exchange site. According to Mr. Pon, currently 375 meals are prepared per week, and the improvements will allow 500 meals per week to be prepared, an increase of 125 meals per week.

**Comments:**

1. According to Mr. Pon, Community Awareness and Treatment Services also received \$386,738 from the MOCD for FY 1998-99 for additional construction and renovation of the Resource Center.
2. Mr. Pon also reported that MCF received \$20,000 from the MOCD for FY 1998-99 for meal preparation services. Before this \$7,000 funding for the exhaust fan installation, no construction or renovation funds have been provided to MCF by the MOCD.

**Recommendation:**

Approval of the requested release of previously reserved funds in the amount of \$52,000 is a policy decision for the Board of Supervisors.

**ITEM RESERVED FOR RELEASE BY FINANCE and LABOR COMMITTEE**  
**1999 ESG Program**

**ITEM:**        **Homeless Program Pool**

Community Awareness and Treatment Services	\$45,000
South Beach Homeless Resource Center	
399 Fremont Street	

**EXPLANATION:**

The proposed funding will be used to complete the renovation of the new Resource Center for homeless men. The new facility will provide 24 hour drop-in services and locker storage for personal items.

Proposed Improvements	Cost estimates
1. Elevator upgrade & fire alarm connection	23,700
2. Security monitoring system	5,000
3. Electrical fixtures & circuits	3,200
4. Ventilation ducts modifications	6,000
5. Finished carpentry/hardware	5,500
6. Signage	1,600
 TOTAL	 <hr/> \$45,000

ITEM RESERVED FOR RELEASE BY FINANCE and LABOR COMMITTEE  
1999 ESG Program

ITEM:            Homeless Program Pool

Metropolitan Community Foundation	\$7,000
Simply Supper Program	
150 Eureka Street	

EXPLANATION:

The Metropolitan Community Foundation (MCF) operates a meal program for homeless persons in the Castro community. Meals are served twice a week and additional meals are prepared once a week for distribution at a syringe exchange site. The kitchen needs additional improvements to meet code requirements.

The proposed funding will be used to increase the ventilation by installing an exhaust fan inside the hood. The improvements will allow a greater number of meals to be prepared.

Proposed Improvements	Cost estimates
1. Install exhaust fan & related electrical work	\$ 7,000

Item 10 - File 99-1158

**Department:** Mayor's Office of Community Development (MOCD)

**Item:** Hearing to consider release of \$253,475 in previously reserved Community Development Block Grant (CDBG) funds under the 1999 MOCD budget for the following projects: Mission Education Project, Inc., \$45,000; Urban Economic Development Corporation, \$158,475; and the revolving loan fund servicing, \$50,000.

**Amount:** \$253,475

**Source of Funds:** Previously reserved funds in MOCD's 1999 budget pertaining to CDBG funds.

**Description:** Under the 1999 CDBG program, the Board of Supervisors reserved a total of \$503,475. The MOCD is now recommending the release of \$253,475, including \$45,000 for Public Services and \$208,475 for Economic Development, leaving a balance of \$250,000. According to the MOCD, the requested release of \$253,475 would pay for the following items:

Mission Education Project, Inc.	\$ 45,000
Urban Economic Development Corp.	158,475
Revolving Loan Fund Servicing	<u>50,000</u>
Total	<u>\$253,475</u>

Project descriptions and budget details are as follows:

**Mission Education Project, Inc. (MEPI)**

Attachment 1 provided by the MOCD, details the annual budget for this \$60,000 project. The requested MOCD Public Services funding of \$45,000 to be allocated to MEPI, a non-profit agency, is the funding for nine months of the annual budget. Such funds were placed on reserve pending final negotiation of the 1999-2000 work program.

According to Mr. Jon Pon, Program Manager, of the MOCD, this program offers homework assistance, as provided by MEPI employees, for 276 low-income youth living in the Mission district who are at risk of academic failure. In FY 1998-99, 175 youth were provided tutorial assistance, and the MOCD provided \$77,000 in CDBG funding, according to Mr. Pon.

**Urban Economic Development Corp. (UEDC)**

Attachment 2 provided by MOCD, details the annual budget for this \$211,300 project. The requested MOCD Economic Development funding of \$158,475 to be allocated to UEDC, a non-profit agency, is the funding for nine months of the annual budget. Such funds were placed on reserve pending a performance review and assessment of the organization.

According to Mr. Pon, this program will provide business expansion opportunities to 40 new and existing small businesses in low/moderate income neighborhoods by providing loan planning, packaging<sup>1</sup> and technical assistance. Mr. Pon reported that in FY 1998-99, 14 small businesses were assisted by the program and 17 jobs were created, at a total cost of \$416,300 of which the Redevelopment Agency provided \$185,000, the MOCD provided \$211,300 from CDBG funds and the remainder of \$20,000 being provided from various private sources.

**Revolving Loan Fund Servicing**

The requested Community Development funding of \$50,000 to be allocated to United States Escrow (U.S.E.) Community Services, a for-profit corporation, was placed on reserve pending budget details of specific proposals. Attachment 3 provided by MOCD, details the budget for this program. According to Ms. Pamela David, Director of the MOCD, U.S.E Community Services, a Native-American minority-owned firm, was selected following a Request for Proposal process used to select a suitable loan servicing provider.

The Revolving Loan Fund Servicing program pertains to the loan servicing<sup>2</sup> of the MOCD small business revolving loan fund portfolio, in which up to 175 loans, that are made to small businesses, are serviced annually. The small business loan program supports business expansion, job creation and job retention for small businesses.

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<sup>1</sup> Loan packaging is the term used to describe the preparation and submission of loan applications.

<sup>2</sup> Loan servicing is the term used to describe the administration and monitoring of loan payments.

**Comments:**

1. According to Mr. Pon, MOCD negotiated an improved homework assistance work program with MEPI, which includes additional conditions to ensure that better services are provided. Included as a condition is increased coordination between MEPI and the participating schools referring students to MEPI tutorial services, specifying academic benchmarks/skills. MOCD will also be monitoring the program's progress. Participating schools in the program include: Alvarado Elementary, Bryant Elementary, Buena Vista Elementary, George Moscone Elementary, Golden Gate, Hoover Middle School, Horace Mann Middle School and Mission High School.

2. According to Ms. David, a study of UEDC's organizational performance, commissioned by the San Francisco Redevelopment Agency (SFRA) and performed by an outside consultant, The Management Center, was completed. Subsequently, Mr. Pon reported that the UEDC has made changes to its work program, by including performance outcome measures, and its organizational structure, by hiring two new business development specialists to increase capacity, as well as reorganizing its board of directors.

3. Ms. David reported that it is too early to assess concrete improvements in performance at UEDC; however, the agency is now moving in the right direction by making changes based on recommendations made by the study, MOCD and SFRA. MOCD, along with SFRA, will be closely monitoring actual performance on a monthly basis, according to Ms. David.

**Recommendation:**

Approval of the requested release of reserved funds in the amount of \$253,475 is a policy decision for the Board of Supervisors.

## MISSION EDUCATION PROJECT

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Please note that the amount of \$45,000 for Mission Educ. Proj. Inc. (MEPI) is the remainder amount of the allocated budget to be released from Reserve. The total budget for MEPI is \$60,000.

### BUDGET

MEPI budget breakdown is as follows:

Salaries & Wages <sup>1</sup> :	\$47,442	
Fringe Benefits:	5,158	
Space Rental:	6,800	
Program Supplies:	<u>600</u>	
Total	<u>\$60,000</u>	x .75 = <u>\$45,000</u> (amount reserved)

MEPI has budgeted 12% for Administrative Costs and 88% for Program Costs.

### DESCRIPTION

The \$60,000 funded project will provide homework assistance to 276 low income youth living in the Mission district who are referred by teachers for risk of academic failure. Sixty (60) students will be specially targeted to improve their English and math grades by half a grade with and 40% of the sixty will advance the grade level. Forty (40) parents (mostly Spanish speaking) will participate in monthly parenting workshops to learn to support the academic achievement of their children.

MEPI has accepted the following addition requirements to ensure success in their program:

1. Signed Memorandums of Understanding between MEPI and schools referring students to MEPI tutorial services specifying academic benchmarks/skills for participating students.
2. By June 30, 1999, MEPI must provide MOCD with a specific plan on using Support Center technical assistance to address organizational deficiencies.
3. MEPI must demonstrate significant effort to leverage additional non-CDBG funds for its operations and programs.

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<sup>1</sup> Includes the Executive Director, .5 FTE; and a Program Assistant, .8 FTE.

## URBAN ECONOMIC DEVELOPMENT CORP. (UEDC)

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The amount to be released from Reserve (\$158,475) is the remainder of promised funding to UEDC for the '99-2000 Fiscal Year. The total budget is \$211,300.

### BUDGET

UEDC budget breakdown is as follows:

Salaries & Wages <sup>2</sup> :	\$121,100	
Fringe Benefits:	23,888	
Contractual Services:	13,508	
Insurance:	5,922	
Space Rental:	13,426	
Equipment leasing <sup>3</sup> :	10,252	
Program Supplies:	10,710	
Telecommunications:	3,850	
Travel/Conferences:	2,316	
Other (postage...)	<u>6,328</u>	
Total	<u>\$211,300</u>	x .75 = <u>\$158,475</u> (amount reserved)

UEDC has budgeted administrative costs at 8% and program costs at 92%.

### DESCRIPTION

The \$211,300 funded program will provide business expansion opportunities to forty (40) new and existing small businesses in low/moderate income neighborhoods. Five (5) new Start-ups and fifteen (15) small enterprises will acquire additional capital through loan packaging and planning assistance resulting in twenty (20) new jobs in these neighborhoods. Technical assistance to manage new loans and new jobs is provided to twenty (20) businesses.

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<sup>2</sup> Includes the Executive Director, .45 FTE; a Business Development Specialist, .45 FTE; a Fiscal Manager, .55 FTE; an Enterprise Zone Specialist, 1.00 FTE; and an Administrative Assistant, .45 FTE.

<sup>3</sup> Includes a Xerox copier, a postage machine and a water dispenser.

## 53

Item 11 - 99-1222

**Department:** Recreation and Park Department (RPD)  
Department of Public Works (DPW)

**Item:** Resolution approving and authorizing the appropriation of \$984,850 from the Downtown Park Special Fund for landscape improvements to the Mid-Embarcadero Music Concourse site.

**Amount:** \$984,850 (see Comment No. 1)

**Source of Funds:** The Downtown Park Special Fund (see Comment Nos. 2 and 3)

**Description:** In June of 1998, the Board of Supervisors approved a resolution (File No. 98-1096) urging the Planning, Recreation and Park, Public Works and other relevant City departments to develop a detailed proposal and identify funding sources for the construction of a music concourse and organ pavilion to be located within the open space created by the demolition of the mid-section of Embarcadero Freeway, which was severely damaged during the 1989 Loma-Prieta earthquake. This open space area, which is now known as the Mid-Embarcadero Music Concourse site, is bound by Market Street to the north, Mission Street to the south, Steuart Street to the west and the Embarcadero Roadway to the east.

The proposed resolution would approve and authorize the appropriation of \$984,850 from the Downtown Park Special Fund for landscape improvements to the Mid-Embarcadero Music Concourse site.

According to Ms. Deborah Learner of the Recreation and Park Department (RPD), the construction work to be performed for the landscape improvements to Mid-Embarcadero Music Concourse site includes: (1) site preparation, including excavation and treatment of potentially hazardous soil; (2) site paving; (3) the installation of retaining walls for plants and shrubbery; (4) the planting of an ornamental tree and construction of wood and metal benches; and (5) the installation of lighting fixtures within the Mid-Embarcadero Music

Memo to Finance and Labor Committee  
July 14, 1999 Finance and Labor Committee Meeting

Concourse site. Attachment I, provided by Ms. Learner, describes each of the subject landscape improvements to the Mid Embarcadero Music Concourse site.

**Budget:** The total estimated cost of the subject landscape improvements is \$984,844, as shown in Attachment II, provided by RPD. The requested amount was rounded to \$984,850. Ms. Learner reports that RPD plans to initiate a Request for Proposals process to award a construction contract for the subject landscape improvements to the Mid-Embarcadero Music Concourse site.

**Comments:**

1. In 1985, the Board of Supervisors amended the City's Municipal Code (Planning Code) to add Section 139, a new section. Section 139 established the Downtown Park Special Fund, which provides a source of funds for the acquisition and development of public recreation and park facilities for the daytime population in downtown San Francisco. According to the Planning Code, the Recreation and Park and Planning Commissions have the joint responsibility of administering and allocating funds in the Downtown Park Special Fund for the acquisition and development of public recreation and park facilities.
2. Section 139 of the Planning Code stipulates that the Downtown Park Special Fund shall be funded from monies generated by a one-time only \$2 per square foot fee that has been assessed on new office space constructed in downtown San Francisco since 1985.
3. Ms. Peg Stevenson of the Controller's Office reports that as of March 1, 1999, the balance of the Downtown Park Special Fund is \$1,119,000, which is \$134,150 more than the subject appropriation of \$984,850.

**Recommendation:** Approval of the proposed resolution is a policy matter for the Board of Supervisors.

**Date:** 7/8/99  
**Sender:** Deborah Learner  
**To:** Gabriel Cabrera  
**Priority:** Normal  
**Subject:** Embarcadero Music Concourse

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Mid- Embarcadero Music Concourse - Project Elements:

1. Site preparation, including excavation and treatment of potentially hazardous soil. This involves excavating as needed and handling, treatment, disposal and Hauling Hazardous Soil per legal requirements. Modifications may be made to the site utilities such as drainage to accommodate the revised landscaped area.

2. Site Paving: Paving will consist of 4" concrete walkway over a 6" aggregate base. In addition pavers will be set into a sand setting bed in an attractive "Ashlar" pattern.

3. Site Wall and Precast Concrete: This element will consist of poured in place concrete retaining wall planters for plants and shrubbery. Some of the retaining walls will also serve for informal seating. There will also be precast concrete elements for balustrades that will define the main lawn area. This will provide the most decorative and distinctive element of this landscape improvement.

4. Site Landscaping: This element includes planting of ornamental trees and construction of wood and metal benches: 10 large specimen trees will be planted around the main lawn. Wood and metal benches will provide seating on the paved areas. In addition irrigation will be installed in the lawn and sod will be planted.

5. Site Electrical: Lighting fixtures will continue the lighting fixture design installed throughout the mid-Embarcadero project. In addition safety lighting at steps as well as light control panels will be installed. Trenching, cable and conduit will be installed to accomplish this work.

## Mid-Embarcadero Music Concourse

Updated: Estimate of Probable Costs

3/3/99

### Site Work Development

Description	Quantity	Unit	Cost	Total
<b>Site Preparation</b>	18,000	SF	\$1.00	\$18,000.00
Earthwork				
Foundation Excavation	80	CY	\$12.00	\$960.00
Handling, Treatment, Disposal and Hauling Hazardous Soil	2,160	TON	\$60.00	\$129,600.00
Site Utilities, Allowance	1	LS	\$25,000.00	\$25,000.00
Turf Deduction	18,800	SF	-\$0.75	(\$14,100.00)
Light Fixture Deduction	4	EA	-\$4,000.00	(\$16,000.00)
<b>Site Paving</b>				
4" Conc. Walkway over 6" Agg. Base	4,423	SF	\$4.50	\$19,903.50
Slab Pavers over Sand Setting Bed Ashlar Pattern	3,500	SF	\$15.00	\$52,500.00
<b>Site Walls and Precast</b>				
P.I.P. Concrete Step, 12" Width 3 Risers	80	LF	\$60.00	\$4,800.00
P.I.P. Concrete Step, 24" Width 3 Risers	100	LF	\$70.00	\$7,000.00
S.S. Handrailing	24	LF	\$150.00	\$3,600.00
Precast Leaning Rail, 42" High	344	LF	\$250.00	\$86,000.00
Concrete Footing for Railing	344	LF	\$45.00	\$15,480.00
P.I.P. Concrete Edge @ Lawn	428	LF	\$25.00	\$10,700.00
P.I.P. Concrete Curb (6" Ht.)	350	LF	\$20.00	\$7,000.00
P.I.P. Concrete Curb (12" Ht.)	320	LF	\$30.00	\$9,600.00
Ramp - Poured-in-Place	724	SF	\$70.00	\$50,680.00
S.S. Handrailing	144	LF	\$150.00	\$21,600.00
P.I.P. Concrete Curb Wall @ Stairs and Planter (30" ht.)	120	LF	\$60.00	\$7,200.00
P.I.P. Concrete Seating Wall (18" ht.)	290	LF	\$60.00	\$17,400.00
<b>Site Landscaping</b>				
Ornamental Tree (36" box)	10	EA	\$1,500.00	\$15,000.00
Landscaping/Sod w/ Drainage	9,184	SF	\$6.00	\$55,104.00
Ornamental Planting Area	3,068	SF	\$5.00	\$15,340.00
Wood and Metal Benches	16	EA	\$1,000.00	\$16,000.00
Irrigation, Allowance	1	LS	\$13,000.00	\$13,000.00
<b>Site Electrical</b>				
Lighting				
Floodlight Pole & Arms	2	EA	\$4,800.00	\$9,600.00
Type SF1 Pole Mtd. FloodLight	12	EA	\$765.00	\$9,180.00
Type SF2 Pole Mtd. Floodlight	4	EA	\$930.00	\$3,720.00
Step Lights	28	EA	\$380.00	\$10,640.00
Light Control Switching Cabinet	1	LS	\$500.00	\$500.00
Trenching, Cable and Conduit	900	LF	\$15.00	\$13,500.00
			Sub-total:	\$618,507.50
General Conditions (8%)				\$49,480.60
			Sub-total:	\$667,988.10
General Contractor's Overhead & Profit, Bonds (7%)				\$46,759.17
			Sub-total:	\$714,747.27
Design Contingency (10%)				\$71,474.73
			Sub-total:	\$786,221.99
Administration (8%)				\$78,622.20
			Sub-total:	\$864,844.19
Architectural and Engineering Services (L.S.)				\$120,000.00
			Total Probable Construction Cost:	\$984,844.19

Item 12 – File 99-1272

**Department:** Mayor's Office of Housing (MOH)

**Item:** Ordinance appropriating \$20,000,895 in bond proceeds and bond interest income for implementation of the Affordable Housing and Home Ownership Bond Program at the Mayor's Office of Housing.

**Amount:** \$20,000,895

**Source of Funds:** Proceeds, including accrued interest, from the sale of General Obligation Affordable Housing Bonds, Series 1999A.

**Description:** In November 1996, San Francisco voters approved Proposition A which authorized the City to issue \$100,000,000 in General Obligation Affordable Housing Bonds to (1) finance the development of rental housing which can be afforded by low-income households, and (2) provide downpayment assistance to low- and moderate-income first time homebuyers. \$20,000,000 in bonds are to be issued each year over the five year period between 1998 and 2002.

In October 1997, the Board of Supervisors authorized an Affordable Housing and Homeownership Bond Program (File 97-97-56), which established that out of the total \$100,000,000 in Affordable Housing Bonds to be sold, 85 percent of the proceeds, or \$85,000,000, will be used for affordable rental housing development and 15 percent of the proceeds, or \$15,000,000, will be used for downpayment assistance loans for first time homebuyers. The Board of Supervisors also approved a resolution (File 97-97-56.1) which specified Regulations for the administration of the Affordable Housing and Homeownership Bond Program by the Mayor's Office of Housing. Those Regulations specify the requirements under which the Mayor's Office of Housing will solicit proposals and applications for funds from the Program, the funding criteria which shall be applied, and the conditions which will be attached to the loans made to affordable rental housing developers and first time homebuyers. The Regulations also specify the

BOARD OF SUPERVISORS  
BUDGET ANALYST

requirements for periodic reporting to the Board of Supervisors regarding the loans made through the Program.

The first series of \$20,000,000 in bonds under the Program, City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 1998A, were issued on February 18, 1998 (see Comments 1 - 3 below).

The second series of \$20,000,000 in bonds under this Program, Series 1999A, were authorized for issuance by the Board of Supervisors (Resolution No. 378-99). These bonds were issued on June 10, 1999. The appropriation of Series 1999A bond proceeds and accrued interest, totaling \$20,000,895, is the subject of this request. It is anticipated that the remaining series of bonds will be issued in three annual installments of \$20,000,000 in 2000, 2001, and 2002, for a total bond issuance of \$100,000,000.

**Budget:**

Attachment I, provided by Mr. Joe LaTorre of the Mayor's Office of Housing, contains the details for this \$20,000,895 appropriation request for Series 1999A bond proceeds and interest. A summary budget is as follows:

Series 1999A Bond Proceeds and Interest	
<u>Fund</u>	<u>Amount</u>
Development Account: Loans to affordable rental housing developers	\$16,842,750
Downpayment Assistance Loan Account: Loans to 60 - 100 first time homeowners	<u>2,972,250</u>
Subtotal	19,815,000
Related Costs (including bond issuance costs)	<u>185,895</u>
<b>TOTAL</b>	<b>\$20,000,895</b>

**Comments:**

1. The first series of \$20,000,000 in bonds under the Program, City and County of San Francisco Taxable

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General Obligation Bonds (Affordable Housing) Series 1998A, were issued on February 18, 1998. Of this amount, \$16,828,300 was allocated to the Development Account for the development of affordable rental housing; \$2,968,137 was allocated to the Downpayment Assistance Loan Account for first time homebuyer assistance; and \$203,563 was utilized to pay costs of issuance.

2. Under the first bond series, the \$16,828,300 for affordable rental housing development loans was committed to nine developers at an average loan of \$1,869,811 for seven affordable housing projects. To date, only two of these nine loan agreements have been executed. The seven projects will result in 580 affordable rental units, accommodating an estimated 900 persons in family, senior, and supportive housing. Attachment II contains details about each of these seven projects, including their estimated completion dates.

3. As of June 28, 1999, Mr. LaTorre advises that 54 low- and moderate-income households have received downpayment assistance loans from the Series 1998A \$2,968,137 Downpayment Assistance Loan Account. The average loan was \$43,722. An additional 10 applications are pending. Mr. LaTorre expects that a total of 70 loans will be made by August 1999 from the Series 1998A bond proceeds.

4. As shown in the table above, this request would appropriate \$16,842,750 (85 percent of the total Series 1999A loan monies of \$19,815,000) for loans to developers of affordable rental housing. Affordable rental housing is housing which can be rented by households earning less than 60 percent of the Bay Area's annual median income, as determined by the Federal Department of Housing and Urban Development, adjusted for household size (for example, households of three which annually earn less than \$39,100 in 1999). Mr. LaTorre advises that he is currently unable to estimate (a) the number of loans to be made, and (b) the average loan amount, because developers' applications have yet to be received and reviewed.

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**BUDGET ANALYST**

5. The loans to affordable rental housing developers are for a maximum of 50 year terms. The loan agreement requires that the rental housing be kept affordable by the developer for at least 50 years. Depending on a project's financial feasibility, the Mayor's Office of Housing can structure the terms of its developer's loan to either require repayment of the loan, with or without interest, or provide for no loan repayment. Mr. LaTorre states that the City's loan provisions require that rents be set to serve very-low and extremely-low income households to the greatest extent possible, and therefore the developments often do not generate sufficient revenue to pay debt service. As the 50 year affordability term exceeds the conventional 40 year economic life of the project, most public sector affordable housing finance programs, including the Federal Department of Housing and Urban Development 202 and 811 grants, the Federal Home Investment Partnerships Program, and the Federal Community Development Block Grant Program, provide for forgiveness of the financing at the end of a 40 to 75 year term, according to Mr. LaTorre.

Mr. LaTorre reports that only two loan agreements with developers have been executed to date. One, for the Ambassador Hotel, requires repayment of the loan and accrued interest. The other, for 301 Ellis Street, forgives the borrower's obligation to repay the principal (no interest is charged on this loan) if the developer has remained in compliance with the loan requirements. Of the five remaining projects, one loan is projected to be partially amortized and partially forgiven, three are projected to require contingent repayment if funds are available, and one is projected to be forgiven, according to Mr. LaTorre. It should be noted, however, that the Mayor's Office of Housing and the Redevelopment Commission (in its role as the Housing Committee) recommend to the Mayor whether or not a developer should be required to repay the loan.

Mr. LaTorre advises that if the developer falls out of compliance, then the City will work with that developer to ensure a return to compliance, using legal action to enforce the loan covenants if necessary. Failing a return to compliance, the City can require either transfer of the

property to another owner, or a full loan repayment with interest at an interest rate of 10 percent.

The loan agreements previously entered into permit transfers of the property from one developer to another with the approval of the Mayor. Mr. LaTorre notes that technically the Regulations refer to the approval of "the City" and that they direct the Mayor to execute documents on behalf of the City.

An exception to the 50 year term can be made when the rental housing is on land controlled by a public agency (for example, Treasure Island or the Presidio) and such land is available for a period of less than 50 years, in which case a shorter term may be authorized by the Mayor. All projects have to meet City affirmative action and local hire requirements, as specified in the regulations previously approved by the Board of Supervisors. Prevailing wage requirements apply to projects of 12 or more units.

6. According to Mr. LaTorre, the Mayor's Office of Housing estimates that as a result of the proposed \$16,842,750 in loans to developers of affordable rental housing projects, approximately 500 rental units will become available, either through construction of new units or rehabilitation of existing units, and that they will house approximately 900 people. Mr. LaTorre estimates that the 500 rental units will be available for occupancy within one to four years. However, because specific development projects have not yet been identified, the actual number of units to be built is currently unknown. That number is dependent on the particulars of each project's financing and the availability of other subsidies. Financing arrangements and subsidies are allowing 80 more units to be built using Series 1998A bond proceeds than the 500 which had been projected at the time that the 1998 supplemental appropriation was approved, according to Mr. LaTorre.

7. The Mayor's Office of Housing allocates affordable rental housing development loan funds through a process designed to leverage non-City funding to the maximum extent possible. Series 1998A affordable rental housing

development grants leveraged \$37,688,934 in non-City funds, including Federal Department of Housing and Urban Development Section 202 grants, Federal McKinney Homeless Funds, low-income housing tax credits, and private mortgage financing. Mr. LaTorre estimates that the Series 1999A affordable rental housing development loan funds from the Development Account will leverage approximately \$40,000,000 in non-City funds for projects to be funded from that account. Federal and State funding will depend on availability and the specific projects identified.

8. As shown in the table above, this request would appropriate \$2,972,250 (15 percent of the total Series 1999A loan monies of \$19,815,000) for first time homebuyer loan assistance. This will provide downpayment loans of up to \$50,000 for an estimated 60 to 100 households for the purchase of single family residences. In line with the Regulations for the administration of the Affordable Housing and Home Ownership Bond Program, the Mayor's Office of Housing will set aside 25 percent of the loan funds, or an estimated \$743,062, for households earning less than 80 percent of median Bay Area income, as determined by the Federal Department of Housing and Urban Development, adjusted for household size (for a household of three, less than \$52,150 in 1999). The remaining 75 percent, or an estimated \$2,229,188, would be available to be loaned to households which earn up to 100 percent of median income, adjusted for household size (for a household of three, up to \$65,150 in 1999). Repayment of loans would be deferred, with the principal of the loan and the proportional share of the appreciation of the property to be repaid at the time of sale or rental. The proportional share will be based on the ratio of the loan amount to the original purchase price. No interest will be charged for the subject downpayment assistance loans. Mr. LaTorre estimates that the \$2,972,250 will leverage approximately \$10,000,000 in first mortgage financing for the first time homebuyers receiving loan assistance.

9. The Mayor's Office of Housing will track the sale of the single family residences purchased with the subject loans by having a recorded lien on the property. Properties will be monitored to ensure ongoing compliance with the

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owner-occupancy requirements of the Program. Monitoring methods may include such measures as requiring copies of utility or telephone bills, which is a proven and reliable method of determining occupancy according to Mr. LaTorre.

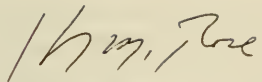
10. As previously noted, individual homeowners will be required to pay back their loans and a percentage of the appreciated value of their residences if they subsequently sell or rent their residences. However, regarding developer loans, it is strictly left to the discretion of the Mayor, on the advice of the Mayor's Office of Housing and the Redevelopment Commission (in its role as the Housing Committee), as to which developers will be required to repay their loans and as to whether or not interest will be charged on those loans.

Further, developers are also able to transfer the properties, and the related loans, to another developer with the approval of the Mayor. Mr. LaTorre notes that technically the Regulations refer to the approval of "the City" and that they direct the Mayor to execute documents on behalf of the City.

The Mayor's Office of Housing will monitor rental housing developments annually for ongoing compliance with occupancy and affordability covenants and other requirements of the loan agreements.

The Mayor's Office of Housing reports annually to the Board of Supervisors on the performance of the Affordable Housing and Home Ownership Bond Program. The most recent report was submitted to the Board in April 1999.

**Recommendation:** Approval of the proposed resolution is a policy decision for the Board of Supervisors.



Harvey M. Rose

cc: Supervisor Yee  
Supervisor Bierman  
President Ammiano  
Supervisor Becerril  
Supervisor Brown  
Supervisor Katz  
Supervisor Kaufman  
Supervisor Leno  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Clerk of the Board  
Controller  
Legislative Analyst  
Matthew Hymel  
Stephen Kawa  
Ted Lakey

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Affordable Rental Housing Projects Receiving Commitments of 1998 Bond Funds from the Development Account

	301 Ellis Street	4445 - 3rd Street	John King Senior Community	TIHDI Housing	Ambassador Hotel	165 8th Street	Veterans Academy	Totals
<b>Housing Program</b>	Senior Rental Housing Seniors	Family Rental Housing	Senior Rental Housing Seniors	Supportive Housing	Supportive Housing	Supportive Family Rental	Supportive Housing	
<b>Population served</b>	Tenderloin	Very low income families Bayview	Seniors	Homeless	Very low income singles	Homeless families	Homeless veterans	
<b>Neighborhood</b>	Tenderloin		Visitation Valley	Treasure Island	Tenderloin	South of Market	Presidio	
<b>Address</b>	301 Ellis	4445-3rd St.	500 Raymond	Treasure Island	55 Mason	165-8th St.	Presidio, Bldg. 1029	
<b>Borrower</b>	Mercy Charities	SF Housing Development Corporation	Mercy/John King Senior Center	TIHDI Consortium	Tenderloin Neighborhood Devel. Corp.	Episcopal Community Services	Swords to Plowshares	
<b>Date of Housing Committee Recommendation</b>	12/22/98	10/20/98	3/16/99	Pending	2/23/99	2/16/99	1/19/99	
<b>Funding status</b>	Funded	Committed	Committed	Committed	Funded	Committed	Committed	
<b>Estimated construction start</b>	July 1999	August 2000	August 1999	August 1999	June 2000	June 2000	August 1999	
<b>Estimated date of project completion</b>	Dec 2001	July 2001	Dec 2001	Oct 1999	June 2001	Sept 2001	Jan 2000	
<b>Estimated Sources of Funds:</b>								
<b>Affordable Housing and Home Ownership Bond Amount</b>	\$4,472,663	\$329,963 <sup>(a)</sup>	\$3,655,534	\$1,800,183	\$1,682,830	\$2,715,832	\$2,171,295	\$16,828,300
<b>Other City funds <sup>(a)</sup></b>	\$3,344,766	\$2,611,257	\$3,718,223	\$0	\$4,100,421	\$4,840,473	\$0	\$18,615,140
<b>Non-City funds <sup>(a)</sup></b>	\$7,622,700	\$4,924,728	\$6,981,488	\$479,254	\$10,699,276	\$6,981,488	\$0	\$37,688,934
<b>Total Sources</b>	\$15,440,129	\$7,865,948	\$14,355,245	\$2,279,437	\$16,482,527	\$14,537,793	\$2,171,295	\$73,132,374
<b>Total Units or beds</b>	92	30	92	86	130	50	100	580

## Notes:

- "Other City Funds," as used throughout this report, means local special funds such as the Hotel Tax Fund and Affordable Housing Fund which are dedicated to affordable housing, and federal funds the expenditure of which is subject to local discretion (e.g. CDBG, HOME and HOPEWA).
- "Non-City Funds" means monies directly from non-local (i.e. state and federal) sources, private loans, and owner equity contributions.
- An additional \$1,411,257 has been requested, but not yet considered, from the 1999 bond issuance.

Item 12 - File 99-1272

R E V I S E D July 12, 1999

**Department:** Mayor's Office of Housing (MOH)

**Item:** Ordinance appropriating \$20,000,895 in bond proceeds and bond interest income for implementation of the Affordable Housing and Home Ownership Bond Program at the Mayor's Office of Housing.

**Amount:** \$20,000,895

**Source of Funds:** Proceeds, including accrued interest, from the sale of General Obligation Affordable Housing Bonds, Series 1999A.

**Description:** In November 1996, San Francisco voters approved Proposition A which authorized the City to issue \$100,000,000 in General Obligation Affordable Housing Bonds to (1) finance the development of rental housing which can be afforded by low-income households, and (2) provide downpayment assistance to low- and moderate-income first time homebuyers. \$20,000,000 in bonds are to be issued each year over the five year period between 1998 and 2002.

In October 1997, the Board of Supervisors authorized an Affordable Housing and Homeownership Bond Program (File 97-97-56), which established that out of the total \$100,000,000 in Affordable Housing Bonds to be sold, 85 percent of the proceeds, or \$85,000,000, will be used for affordable rental housing development and 15 percent of the proceeds, or \$15,000,000, will be used for downpayment assistance loans for first time homebuyers. The Board of Supervisors also approved a resolution (File 97-97-56.1) which specified Regulations for the administration of the Affordable Housing and Homeownership Bond Program by the Mayor's Office of Housing. Those Regulations specify the requirements under which the Mayor's Office of Housing will solicit proposals and applications for funds from the Program, the funding criteria which shall be applied, and the conditions which will be attached to the loans made to affordable rental housing developers and first time homebuyers. The Regulations also specify the

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requirements for periodic reporting to the Board of Supervisors regarding the loans made through the Program.

The first series of \$20,000,000 in bonds under the Program, City and County of San Francisco Taxable General Obligation Bonds (Affordable Housing) Series 1998A, were issued on February 18, 1998 (see Comments 1 - 3 below).

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**Budget:**

Attachment I, provided by Mr. Joe LaTorre of the Mayor's Office of Housing, contains the details for this \$20,000,895 appropriation request for Series 1999A bond proceeds and interest. A summary budget is as follows:

Series 1999A Bond Proceeds and Interest	
<u>Fund</u>	<u>Amount</u>
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Subtotal	19,815,000
Related Costs (including bond issuance costs)	<u>185,895</u>
<b>TOTAL</b>	<b>\$20,000,895</b>

**Comments:**

1. The first series of \$20,000,000 in bonds under the Program, City and County of San Francisco Taxable

**BOARD OF SUPERVISORS**  
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General Obligation Bonds (Affordable Housing) Series 1998A, were issued on February 18, 1998. Of this amount, \$16,828,300 was allocated to the Development Account for the development of affordable rental housing; \$2,968,137 was allocated to the Downpayment Assistance Loan Account for first time homebuyer assistance; and \$203,563 was utilized to pay costs of issuance.

2. Under the first bond series, the \$16,828,300 for affordable rental housing development loans was committed to nine developers at an average loan of \$1,869,811 for seven affordable housing projects. To date, only two of these nine loan agreements have been executed. The seven projects will result in 580 affordable rental units, accommodating an estimated 900 persons in family, senior, and supportive housing. Attachment II contains details about each of these seven projects, including their estimated completion dates.

3. As of June 28, 1999, Mr. LaTorre advises that 54 low- and moderate-income households have received downpayment assistance loans from the Series 1998A \$2,968,137 Downpayment Assistance Loan Account. The average loan was \$43,722. An additional 10 applications are pending. Mr. LaTorre expects that a total of 70 loans will be made by August 1999 from the Series 1998A bond proceeds.

4. As shown in the table above, this request would appropriate \$16,842,750 (85 percent of the total Series 1999A loan monies of \$19,815,000) for loans to developers of affordable rental housing. Affordable rental housing is housing which can be rented by households earning less than 60 percent of the Bay Area's annual median income, as determined by the Federal Department of Housing and Urban Development, adjusted for household size (for example, households of three which annually earn less than \$39,100 in 1999). Mr. LaTorre advises that he is currently unable to estimate (a) the number of loans to be made, and (b) the average loan amount, because developers' applications have yet to be received and reviewed.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

5. The loans to affordable rental housing developers are for a minimum of 50 year terms. The loan agreement requires that the rental housing be kept affordable by the developer for at least 50 years. Depending on a project's financial feasibility, the Mayor's Office of Housing can structure the terms of its developer's loan to either require repayment of the loan, with or without interest, or provide for no loan repayment. Mr. LaTorre states that the City's loan provisions require that rents be set to serve very-low and extremely-low income households to the greatest extent possible, and therefore the developments often do not generate sufficient revenue to pay debt service. As the 50 year affordability term exceeds the conventional 40 year economic life of the project, most public sector affordable housing finance programs, including the Federal Department of Housing and Urban Development 202 and 811 grants, the Federal Home Investment Partnerships Program, and the Federal Community Development Block Grant Program, provide for forgiveness of the financing at the end of a 40 to 75 year term, according to Mr. LaTorre.

Mr. LaTorre reports that only two loan agreements with developers have been executed to date. One, for the Ambassador Hotel, requires repayment of the loan and accrued interest. The other, for 301 Ellis Street, forgives the borrower's obligation to repay the principal (no interest is charged on this loan) if the developer has remained in compliance with the loan requirements. Of the five remaining projects, one loan is projected to be partially amortized and partially forgiven, three are projected to require contingent repayment if funds are available, and one is projected to be forgiven, according to Mr. LaTorre. It should be noted, however, that the Mayor's Office of Housing and the Housing Committee (consisting of members of the Redevelopment Commission) recommend to the Mayor whether or not a developer should be required to repay the loan.

Mr. LaTorre advises that if the developer falls out of compliance, then the City will work with that developer to ensure a return to compliance, using legal action to enforce the loan covenants if necessary. Failing a return to compliance, the City can require either transfer of the

property to another owner, or a full loan repayment with interest at an interest rate of 10 percent.

The loan agreements previously entered into permit transfers of the property from one developer to another with the approval of the Mayor. Mr. LaTorre notes that technically the Regulations refer to the approval of "the City" and that they direct the Mayor to execute documents on behalf of the City.

An exception to the 50 year term can be made when the rental housing is on land controlled by a public agency (for example, Treasure Island or the Presidio) and such land is available for a period of less than 50 years, in which case a shorter term may be authorized by the Mayor. All projects have to meet City affirmative action and local hire requirements, as specified in the regulations previously approved by the Board of Supervisors. Prevailing wage requirements apply to projects of 12 or more units.

6. According to Mr. LaTorre, the Mayor's Office of Housing estimates that as a result of the proposed \$16,842,750 in loans to developers of affordable rental housing projects, approximately 500 rental units will become available, either through construction of new units or rehabilitation of existing units, and that they will house approximately 900 people. Mr. LaTorre estimates that the 500 rental units will be available for occupancy within one to four years. However, because specific development projects have not yet been identified, the actual number of units to be built is currently unknown. That number is dependent on the particulars of each project's financing and the availability of other subsidies. Financing arrangements and subsidies are allowing 80 more units to be built using Series 1998A bond proceeds than the 500 which had been projected at the time that the 1998 supplemental appropriation was approved, according to Mr. LaTorre.

7. The Mayor's Office of Housing allocates affordable rental housing development loan funds through a process designed to leverage non-City funding to the maximum extent possible. Series 1998A affordable rental housing

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**BUDGET ANALYST**

development grants leveraged \$37,688,934 in non-City funds, including Federal Department of Housing and Urban Development Section 202 grants, Federal McKinney Homeless Funds, low-income housing tax credits, and private mortgage financing. Mr. LaTorre estimates that the Series 1999A affordable rental housing development loan funds from the Development Account will leverage approximately \$40,000,000 in non-City funds for projects to be funded from that account. Federal and State funding will depend on availability and the specific projects identified.

8. As shown in the table above, this request would appropriate \$2,972,250 (15 percent of the total Series 1999A loan monies of \$19,815,000) for first time homebuyer loan assistance. This will provide downpayment loans of up to \$50,000 for an estimated 60 to 100 households for the purchase of single family residences. In line with the Regulations for the administration of the Affordable Housing and Home Ownership Bond Program, the Mayor's Office of Housing will set aside 25 percent of the loan funds, or an estimated \$743,062, for households earning less than 80 percent of median Bay Area income, as determined by the Federal Department of Housing and Urban Development, adjusted for household size (for a household of three, less than \$52,150 in 1999). The remaining 75 percent, or an estimated \$2,229,188, would be available to be loaned to households which earn up to 100 percent of median income, adjusted for household size (for a household of three, up to \$65,150 in 1999). Repayment of loans would be deferred, with the principal of the loan and the proportional share of the appreciation of the property to be repaid at the time of sale or rental. The proportional share will be based on the ratio of the loan amount to the original purchase price. No interest will be charged for the subject downpayment assistance loans. Mr. LaTorre estimates that the \$2,972,250 will leverage approximately \$10,000,000 in first mortgage financing for the first time homebuyers receiving loan assistance.

9. The Mayor's Office of Housing will track the sale of the single family residences purchased with the subject loans by having a recorded lien on the property. Properties will be monitored to ensure ongoing compliance with the

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**BUDGET ANALYST**

owner-occupancy requirements of the Program. Monitoring methods may include such measures as requiring copies of utility or telephone bills, which is a proven and reliable method of determining occupancy according to Mr. LaTorre.

10. As previously noted, individual homeowners will be required to pay back their loans and a percentage of the appreciated value of their residences if they subsequently sell or rent their residences. However, regarding developer loans, it is strictly left to the discretion of the Mayor, on the advice of the Mayor's Office of Housing and the Housing Committee (consisting of members of the Redevelopment Commission), as to which developers will be required to repay their loans and as to whether or not interest will be charged on those loans.

Further, developers are also able to transfer the properties, and the related loans, to another developer with the approval of the Mayor. Mr. LaTorre notes that technically the Regulations refer to the approval of "the City" and that they direct the Mayor to execute documents on behalf of the City.

The Mayor's Office of Housing will monitor rental housing developments annually for ongoing compliance with occupancy and affordability covenants and other requirements of the loan agreements.

The Mayor's Office of Housing reports annually to the Board of Supervisors on the performance of the Affordable Housing and Home Ownership Bond Program. The most recent report was submitted to the Board in April 1999.

**Recommendation:** Approval of the proposed ordinance is a policy decision for the Board of Supervisors.

  
Harvey M. Rose

cc: Supervisor Yee  
Supervisor Bierman  
President Ammiano  
Supervisor Becerril  
Supervisor Brown  
Supervisor Katz  
Supervisor Kaufman  
Supervisor Leno  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Clerk of the Board  
Controller  
Legislative Analyst  
Matthew Hymel  
Stephen Kawa  
Ted Lakey

**MAYOR'S OFFICE OF HOUSING - BUDGET FOR 1999 AFFORDABLE HOUSING BOND PROCEEDS AND INTEREST**

Fund	Description of Uses	Subtotals	Amount	Purpose of Expenditures
Development Account	Supportive housing (non-AIDS)	\$2,257,516		Loans to housing developers
	Family Rental	\$7,900,959		Loans to housing developers
	Senior Rental	\$5,000,000		Loans to housing developers
	Housing Opportunities	\$1,684,275		Loans to housing developers
Downpayment Assistance Loan Account			\$16,842,750	
			\$2,972,250	Loans to first time homebuyers
Debt Service Fund	Prepaid interest		\$895	Interest on the bonds
Costs of Issuance	Orrick, Herrington & Sutcliffe/	\$25,000		Bond Counsel fees & expenses
	Lofton, De Lancia & Nelson			
	Kliehale & Co./CSG Advisors	\$30,312		Financial advisor fees & expenses
	Slenderd & Poors, Moodys, Fitch	\$25,750		Bond rating fee
	Various	\$20,771		Printing, advertising, Official statement printing and mailing, miscellaneous costs
			\$101,833	
Work Orders	City Attorney		\$35,167	Development of program legislation, consultation with bond counsel, review of bond documents, and similar actions for sale of bonds
	Controller		\$20,000	Review of program legislation, consultation with City Attorney and bond counsel, review of bond sale documents, establishment of accounts, and similar actions for sale of bonds and fund accounting
	Mayor's Office of Public Finance		\$20,000	Development of program legislation, consultation with City Attorney and bond counsel, preparation of Information for rating agencies, and similar actions for sale of bonds
MOH Salaries & Fringes:			\$8,000	Development of program legislation, consultation with City Attorney and bond counsel, preparation of Information for rating agencies, and similar actions for sale of bonds
TOTAL BUDGET:			\$20,000,895	

## Affordable Rental Housing Projects Receiving Commitments of 1998 Bond Funds from the Development Account

	301 Ellis Street	4445 - 3rd Street	John King Senior Community	TIHDI Housing	Ambassador Hotel	165 8th Street	Veterans Academy	Totals
<b>Housing Program</b>	Senior Rental Housing	Family Rental Housing	Senior Rental Housing	Supportive Housing	Supportive Housing	Supportive Family Rental	Supportive Housing	
<b>Population served</b>	Seniors	Very low income families	Seniors	Homeless	Very low income singles	Homeless families	Homeless veterans	
<b>Neighborhood</b>	Tenderloin	Bayview	Visitation Valley	Treasure Island	Tenderloin	South of Market	Presidio	
<b>Address</b>	301 Ellis	4445-3rd St.	500 Raymond	Treasure Island	55 Mason	165-8th St.	Presidio, Bldg. 1029	
<b>Borrower</b>	Mercy Charities	SF Housing Development Corporation	Mercy/John King Senior Center	TIHDI Consortium	Tenderloin Neighborhood Devel. Corp.	Episcopal Community Services	Swords to Plowshares	
<b>Date of Housing Committee Recommendation</b>	12/22/98	10/20/98	3/16/99	Pending	2/23/99	2/16/99	1/19/99	
<b>Funding status</b>	Funded	Committed	Committed	Committed	Funded	Committed	Committed	
<b>Estimated construction start</b>	July 1999	August 2000	August 1999	August 1999	June 2000	June 2000	August 1999	
<b>Estimated date of project completion</b>	Dec 2001	July 2001	Dec 2001	Oct 1999	June 2001	Sept 2001	Jan 2000	
<b>Estimated Sources of Funds:</b>								
<b>Affordable Housing and Home Ownership Bond Amount</b>	\$4,472,663	\$329,963 <sup>(1)</sup>	\$3,655,534	\$1,800,183	\$1,682,830	\$2,715,832	\$2,171,295	\$16,828,300
<b>Other City funds <sup>(1)</sup></b>	\$3,344,766	\$2,611,257	\$3,718,223	\$0	\$4,100,421	\$4,840,473	\$0	\$18,615,140
<b>Non-City funds <sup>(2)</sup></b>	\$7,622,700	\$4,924,728	\$6,981,488	\$479,254	\$10,699,276	\$6,981,488	\$0	\$37,688,934
<b>Total Sources</b>	\$15,440,129	\$7,865,948	\$14,355,245	\$2,279,437	\$16,482,527	\$14,537,793	\$2,171,295	\$73,132,374
<b>Total Units or beds</b>	92	30	92	86	130	50	100	580

## Notes:

1. "Other City Funds," as used throughout this report, means local special funds such as the Hotel Tax Fund and Affordable Housing Fund which are dedicated to affordable housing, and federal funds the expenditure of which is subject to local discretion (e.g. CDBG, HOME and HOPWA).
2. "Non-City Funds" means monies directly from non-local (i.e. state and federal) sources, private loans, and owner equity contributions.
3. An additional \$1,411,257 has been requested, but not yet considered, from the 1999 bond issuance.



City and County of San Francisco  
Meeting Minutes  
Finance and Labor Committee

City Hall  
1 Dr. Carlton B.  
Goodlett Place  
San Francisco, CA  
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Wednesday, July 21, 1999

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

*The meeting convened at 10:16 a.m.*

REGULAR AGENDA

991032 [Memorandum of Understanding-Local 798-Unit 1]

Mayor

Ordinance adopting and implementing the provision of a Memorandum of Understanding between the San Francisco Fire Fighters Union Local 798, IAFF, AFL-CIO for Bargaining Unit 1 and the City and County of San Francisco for the period July 1, 1999 through June 30, 2001.

(Fiscal Impact)

5/24/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

7/14/99, CONTINUED. Continued to July 21, 1999.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Alice Villagomez, Deputy Director, Department of Human Resources; Supervisor Ammiano; Supervisor Yee; Chief Demmons, Fire Department; Supervisor Bierman. In Support: Sandra Johnson, Local 798; Charles Crane, Hispanic Fire Fighters Association; John Dorman; Paul Chin, President, Asian Fire Fighters Association; Mark Securra; Anita Bradley, Steering Committee, Women Fire Fighters; Paula Gammic; Fred Sanchez, Battalion Chief, Fire Department; John Handley, President, Fire Fighters Union, Local 798; Tom O'Connor. Opposed: Tyrone Pruitt, President, Black Fire Fighters Association; Carl Barnes, Fire Station 19; Jim Corrigan; Kevin Smith; Jimmy Braden; Pete Fay. Amendment of the Whole of Memorandum of Understanding only, to make clerical corrections.*

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

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**991033 [Memorandum of Understanding-Local 798, Unit 2]****Mayor**

Ordinance adopting and implementing the provisions of a Memorandum of Understanding between the San Francisco Fire Fighters Union Local 798, IAFF, AFL-CIO for Bargaining Unit 2 and the City and County of San Francisco for the period July 1, 1999 through June 30, 2001.

**(Fiscal impact.)**

5/24/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

7/14/99, CONTINUED. Continued to July 21, 1999

*Heard in Committee. Speakers:* Harvey Rose, Budget Analyst; Alice Villagomez, Deputy Director, Department of Human Resources; Supervisor Ammiano; Supervisor Yee; Chief Demmons, Fire Department, Supervisor Bierman. *In Support:* Sandra Johnson, Local 798, Charles Crane, Hispanic Fire Fighters Association; John Dorman; Paul Chin, President, Asian Fire Fighters Association; Mark Securra; Anita Bradley, Steering Committee, Women Fire Fighters; Paula Gammie; Fred Sanchez, Battalion Chief, Fire Department; John Handley, President, Fire Fighters Union, Local 798; Tom O'Connor. *Opposed:* Tyrone Pruitt, President, Black Fire Fighters Association; Carl Barnes, Fire Station 19, Jim Corrigan, Kevin Smith; Jimmy Braden; Pete Fay. *Amendment of the Whole of Memorandum of Understanding only, to make clerical corrections.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991269 [Authorizing Public Utilities Commission to apply for State funds to reimburse the City for construction costs for the Islais Creek and Rankin Street sewage storage and treatment facilities.]**

Resolution authorizing the Public Utilities Commission to apply for and enter into loan agreements not to exceed \$50 million for the reimbursement of prior expenditures incurred for the construction of the Islais Creek/Rankin Street storage facilities. (Public Utilities Commission)

6/23/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

6/30/99, SUBSTITUTED Substituted by Public Utilities Commission 6/30/99, bearing new title

6/30/99, ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers:* Harvey Rose, Budget Analyst; Bill Berry, Assistant General Manager, Finance and Administration, Public Utilities Commission.

**RECOMMENDED by the following vote:**

Ayes: 2 - Yee, Bierman

Absent: 1 - Ammiano

**991278 [Emergency Repairs, 3rd Street Sewers]**

Resolution approving the expenditure of funds for the emergency work to replace the hydraulically inadequate sewers on 3rd Street between Jerrold Avenue and Palou Avenue, Donner Avenue between Ingalls Street and Jennings Street, and Jennings Street between Donner Avenue and Egbert Avenue - \$1,674,713.00. (Public Utilities Commission)

**(Fiscal impact.)**

6/23/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers:* Harvey Rose, Budget Analyst; Boon Lim, Public Utilities Commission; Supervisor Yee; Norman Chan, Department of Public Works.

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

- 991301** [Airport Lease Agreement for American Airlines L-82-0111 for space in Boarding Area "E"]  
Resolution approving lease modification No. 8 for Lease 82-0111 between American Airlines, Inc. and the City and County of San Francisco, acting by and through its Airport Commission. (Airport Commission)  
6/29/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Peter Nardoza, Deputy Director, Public Affairs, Airport; Supervisor Ammiano. Amended to correct amount of additional annual rent paid by American Airlines to the Airport from "\$52,261" to "\$30,612.63"; same title.*

**AMENDED.**

**RECOMMENDED AS AMENDED** by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 991335** [Medical Services at San Francisco Jail System]  
**Supervisors Yee, Ammiano, Bierman**  
Hearing to assess the true nature of medical attention to Vincent Hines and its relationship in his death in the San Francisco jail system.

7/6/99, RECEIVED AND ASSIGNED to Public Health and Environment Committee.

7/15/99, TRANSFERRED to Finance and Labor Committee.

*Supervisor Bierman added as cosponsor.*

**CONTINUED TO CALL OF THE CHAIR** by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

## **ADJOURNMENT**

*The meeting adjourned at 12:35 p.m.*



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OF SAN FRANCISCO

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BOARD OF SUPERVISORS

JUL 20 1999

BUDGET ANALYST

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FAX (415) 252-0461

July 16, 1999

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: July 21, 1999 Finance and Labor Committee Meeting

Items 1 and 2- Files 99-1032 and 1033

Note: These items were continued from the July 14, 1999 Finance and Labor Committee Meeting.

Departments: Department of Human Resources  
Fire Department

Items: Ordinance adopting and implementing the provisions of a Memorandum of Understanding (MOU) between the San Francisco Fire Fighters Union Local 798, IADD, AFL-CIO for Bargaining Unit 1 and the City and County of San Francisco for the two-year period July 1, 1999 through June 30, 2001 (File 99-1032).

Ordinance adopting and implementing the provisions of a Memorandum of Understanding (MOU) between the San Francisco Fire Fighters Union Local 798, IAFF, AFL-CIO for Bargaining Unit 2 and the City and County of San Francisco for the two-year period July 1, 1999 through June 30, 2001.

Description: In 1995, the Board of Supervisors approved an MOU with the Firefighters Union Local 798, Bargaining Units 1 and 2 for the four-year period from July 1, 1995 through June 30, 1999. Bargaining Unit 1 covers

the following 17 uniform classifications, comprising a total of 1,517 employees:

H-2	Firefighter
H-3	Firefighter Paramedic
H-4	Inspector, Fire Prevention & Public Safety
H-6	Investigator, Bureau of Fire Prevention
H-10	Chief's Operator
H-16	Technical Training Specialist
H-18	Coordinator of Community Services
H-19	Operations-Training Supervisor, Airport
H-20	Lieutenant
H-22	Lieutenant, Fire Prevention & Public Safety
H-24	Lieutenant, Fire Investigations
H-28	Lieutenant, Training
H-29	Special Services Officer
H-30	Captain
H-32	Captain, Fire Prevention & Public Safety
H-33	Captain, Emergency Medical Services
H-39	Captain, Training

Bargaining Unit 2 covers the following five uniform classifications, comprising a total of 61 employees:

H-40	Battalion Chief
H-43	EMS Section Chief
H-50	Assistant Chief
H-110	Marine Engineer of Fire Boats
H-120	Pilot of Fire Boat

The proposed two MOUs would extend the prior MOUs for the two-year term from July 1, 1999 through June 30, 2001 for Bargaining Units 1 and 2.

The major changes of the two new subject MOUs from the prior MOUs, which expired on June 30, 1999, include the following:

- Salary Increases: A 5.5 percent increase in the base salaries effective July 1, 1999 and an additional 5.5 percent increase in base salaries effective July 1, 2000, for total salary increases of 11 percent over the two-year term of these MOUs. Such increases in base salaries for the Fire Department are consistent with

the salary increases approved by the Board of Supervisors for Police Officers under a MOU with the Police Officers Association.

- Working out of Classification Pay: Fire suppression employees would be required to perform the full range of duties of the higher rank in order to receive higher pay for working out of classification, instead of the prior practice of simply accepting responsibility and carrying out certain duties of the higher classification. In addition, although no criteria currently exists for non-suppression employees to receive the pay of a higher rank, the proposed MOU requires that the assignment to a higher rank must be in writing, the higher position must be an authorized budgeted position, the employee must perform the higher ranked duties for longer than ten consecutive workdays and, consistent with the Department of Human Resources guidelines, there would be a six-month limitation on such assignments.
- Holiday Pay: Under the prior MOUs, every Fire Suppression employee received time and one-half for each of the 11 holidays, whether the employee works on that specific holiday or not. The Department of Human Resources estimates that this additional Holiday Overtime pay resulted in an increase of these employees' base salaries of eight percent. Under the proposed MOUs, all Fire Suppression employees would receive a six percent increase in their overall base salary. Although this constitutes a reduction of two percent, the six percent increase in base salary, in lieu of time and one-half for each of 11 holidays, is paid even if the Fire Suppression employees do not work on any of the 11 holidays. However, Ms. Villagomez reports that this Holiday Pay premium is unique for Fire Suppression employees because other City employees have either the holiday or another day off as a holiday benefit, which Fire Suppression employees do not receive and that this provision is consistent with Fire Department holiday pay practices in other jurisdictions. If a Fire Suppression employee calls in sick on a holiday when that employee is scheduled to work, and is therefore not able to work on

that holiday, the employee would not receive the six percent premium just for that specific biweekly pay period.

- Education Incentive Pay Premiums: Previously, qualifying employees received a specific biweekly education incentive pay schedule according to employee classification, if they completed an Associate's degree in Fire Science or related field or a Bachelor's degree. The Department of Human Resources estimates that approximately 127, or eight percent of employees received this premium at a cost of slightly less than one percent of salaries. Effective July 1, 1999, a three percent incentive reward would be paid to all Local 798 employees with either (a) an Associate's degree in Fire Science or a related field, (b) a Bachelor's degree or (c) ten years of service with the Fire Department and completion of Fire Department annual training requirements. An additional three percent incentive reward would be added effective July 1, 2000, for a total of six percent education incentive premium. Although currently, additional education incentive pay is not considered part of an employee's salary when computing retirement benefits, the proposed incentive payments would be considered part of an employee's base salary for purposes of computing future retirement benefits and contributions. Ms. Debra Ward of the Fire Department estimates that given the additional provision to allow employees with at least ten years of service to receive this additional benefit will result in approximately 70 percent of the uniformed personnel to receive this additional pay premium.
- Administrative Assignment Pay Premiums: Instead of specific pay schedules which previously ranged from \$171 biweekly for Firefighters to \$227 for Captains, all field employees in Bargaining Unit 1 that are assigned by the Chief of the Department to perform administrative assignments for a 40-hour work week will receive an additional \$175 biweekly. Similarly, instead of specific pay schedules which previously ranged from \$275 for Battalion Chiefs to \$316 for Assistant Chiefs biweekly, all field employees in

Bargaining Unit 2 that are assigned by the Chief of the Department to perform administrative assignments for a 40-hour work week will receive an additional \$225 biweekly. Under the prior MOUs, these administrative assignment pay schedules increased with each salary increase, but under the proposed MOU, the new standard pay rates would remain the same, regardless of salary changes, such that these proposed changes should result in savings for the City.

- Paramedic Cross-training Pay Premiums: Under both the prior and proposed MOUs, the difference in salary between an H-2 Firefighter and an H-3 Firefighter/Paramedic is approximately 15 percent. Effective July 1, 1999, employees enrolled in the Paramedic cross-training program will receive a new three percent premium, which will increase to a five percent premium after completion of the initial six-month training requirements and continued participation in the training program. Under the prior MOU, there was no additional compensation for the Paramedic cross-training period.
- Hours: A change in the definition of a Fire Suppression workday from either 8 hours or 16 hours to a standard 12 hours. Ms. Villagomez reports that this change is intended to reconcile the number of actual hours worked with the existing pay practices within the Fire Department.
- Family Care Leave: Under the prior MOU, there was a more limited child care leave. Under the proposed MOU, there would be up to one year of unpaid Family Care Leave for all employees with one or more years of service. During such time, the City would continue to provide health and dental benefits for employees and their dependents. In addition, female firefighters returning from maternity leave may work a modified duty assignment up to six weeks, as determined appropriate by the Department's physician.
- Health Benefits: Full medical premium coverage for employees with no dependents and up to \$225 or 75

percent of the cost of Kaiser's Medical premium costs, whichever is greater, for each employee plus two dependents. The Department of Human Resources estimates that as of July 1, 1999, this provision will result in an increase of \$23 per month per dependent employee, since previously, the MOUs provided that the City contributed a flat \$225 per month towards dependent health coverage. In addition, except for unpaid Family Care Leave, the City will cease to pay for health coverage after 12 weeks of unpaid leave status.

- Wellness Program: Effective July 1, 1999, once a core account of 360 hours of sick leave has been accrued for each employee, suppression employees can cash out 60 hours and non-suppression employees can cash out 50 hours of sick leave hours. Previously, there was no provision for cashing out sick leave hours and employees can accumulate up to 1,272 hours of sick leave. The Department of Human Resources notes that this provision should result in a significant reduction in overtime expenditures since overtime is required to backfill positions to cover for Firefighters who are out sick. However, the Department of Human Resources advises that there are no assurances that such reductions in overtime will actually be achieved.
- Radios: A new provision which would require the City to provide and maintain each truck company with two portable radios and each member of a rescue squad with one such radio while on duty. Previously, no radio provision existed in the MOUs. Ms. Alice Villagomez of the Department of Human Resources reports that this new provision is consistent with the planned switchover to the new 911 system.
- Health and Safety: Voluntary prostrate and breast cancer screening would be offered and paid for by the Fire Department to males and females over 40 years of age through the Department's Health Check Program. Previously, no such screening program existed in the MOU.

- Employee Assistance Program: Requires continuation of a **minimum** of two full-time employees in the Stress Unit Program and coordination with the City's Employee Assistance Program. Previously, the Stress Unit Program had three full-time employees.
- Modified Duty Assignments: New provisions for the way modified duty assignments are determined and evaluated based on job injuries and illnesses. The proposed MOUs require closer monitoring, evaluation every 30 days and temporary assignments limited to a **maximum** of one year. If an employee is injured while earning acting assignment pay of a higher rank, that employee may receive compensation of the higher rank if injured after serving more than ten days and modified duty at the higher rank is limited to no more than 30 days. Previously, the modified duty assignment provisions did not include responsibilities for monitoring and evaluation.
- Employee Training and Reimbursement: City will allocate \$8,000 per year for the next two years of this MOU, or a total of \$16,000, for tuition reimbursement for employees and such funds can be carried forward if not used in one fiscal year. Under the prior MOUs, the City allocated \$5,000 in FY 1997-98 and \$8,000 in FY 1998-99.
- Pre-retirement Seminars: Agreement to offer pre-retirement planning seminars on a semi-annual basis, with tuition reimbursement provided through the \$8,000 annual allocation noted above. Previously, the MOU did not provide for such seminars.

**Comments:**

1. Ms. Villagomez reports that these two proposed MOUs would only extend for two years, instead of four years as the previous Local 798, Bargaining Units 1 and 2 MOUs did, to coincide with the expiration of the two other major public safety employee MOUs (i.e., Police and Sheriff), which also extend through June 30, 2001. The proposed MOUs also provide for the City and Local 798 to agree on a negotiation schedule for the next MOUs by the end of December of 2000, or six months prior to the expiration of the proposed MOUs.

2. The above described provisions of the proposed two MOUs relate to the major financial changes from the two prior MOUs. However, it should be noted that there are various other provisions in the two subject MOUs, including: (1) prohibiting discrimination based on gender identity, (2) the Fire Department's agreement to post union notices, when such notices are submitted in writing 72 hours in advance, (3) employees may continue to receive compensatory time off instead of paid overtime, but now it will require the approval of the Chief of the Fire Department, (4) adverse comments may not be placed in an employee's personnel file without that employee's notification, (5) new grievance procedures, and (6) an Intermittent Daily Vacation provision which codifies existing practices for using accrued vacation time.

3. In addition, the Bargaining Unit 1 MOU provides that if the City creates any new uniformed Fire Department classification below the rank of Battalion Chief during the term of this agreement, those new classifications will automatically be included in Bargaining Unit 1 and covered by the terms of that agreement. Previously, the MOU did not specify future creation of new classifications.

Another new provision in the Bargaining Unit 1 MOU is the Agency Shop provision which, Ms. Villagomez advises, is enabling legislation to permit a fair share service fee to be paid by those uniform employees within the Fire Department who are not members of Local 798, but who receive benefits negotiated by Local 798. Ms. Villagomez notes that membership in Local 798 is voluntary. Although the amount of such fees has not yet been determined, Ms. Villagomez reports that the Controller would deduct such fees from the employee's paychecks and remit such fees to Local 798. Ms. Villagomez further advises that the City receives an administrative fee from Local 798 to cover such payroll deductions.

4. Another provision of the proposed MOUs which is particularly noteworthy regards the Fire Department's vacation accrual. The proposed MOU states that the

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City, through the Human Resources Department and Local 798 will meet within 30 days of the effective date of these MOUs to develop a plan that is consistent with Administrative Code Sections 16.11 and 16.12, which would become effective July 1, 2000. Administrative Code Section 16.12 states that the maximum accrual of vacation for all City employees is 400 hours. However, Administrative Code Section 16.11 acknowledges that uniform personnel in the Fire Department had previously accrued more than the 400 maximum number of hours and required the Fire Department to bring the Department into compliance with the rest of the City by "no later than December 31, 1989".

Ms. Villagomez reports that the new MOUs provisions were included because Fire Department personnel have still been permitted to accrue up to 600 hours of vacation time, although the City's Administrative Code was very clear in specifically limiting accrued vacation time of up to 400 hours and addressing the previous Fire Department's exception. The Budget Analyst seriously questions why the Fire Department has not been in compliance with the provisions of the City's Administrative Code for the past ten years and why this provision is being included in this MOU, to give the Fire Department even more time to bring the Fire Department into compliance, when the City's Administrative Code Sections 16.11 specifically addressed this issue and stated that such compliance would be completed "no later than December 31, 1989". Furthermore, approval of this new MOU provision would mean that the Board of Supervisors would have no impact as to the final results of the vacation accrual plan which would be decided by the Department of Human Resources and Local 798 30 days subsequent to the Board of Supervisors vote on these proposed MOUs.

5. Despite the well-documented problems with Fire Department overtime, it should also be noted that there are no changes to the overtime compensation section of the proposed two MOUs, except the inclusion that compensation will be at one and one-half times the base hourly rate, except as otherwise required by

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the Federal Labor Standards Act. Previously, the MOUs simply stated that overtime compensation would be at one and one-half times the base hourly rate.

6. The Budget Analyst notes that the staffing for Chiefs Aides (H-10 Chiefs Operators under Bargaining Unit 1) would not change under the proposed MOUs for the Chief of the Department, who would continue to be assigned one Chiefs Aide 24 hours a day. The Budget Analyst also notes that the previous MOU stated that each Battalion shall have one Chiefs Aide 24 hours each day, which will continue under the proposed MOU. However, the proposed MOU states that each Division shall also have one Chiefs Aide and one H-50 Assistant Chief on duty 24 hours each day. Ms. Villagomez reports that the addition of the Fire Department Divisions requirements for a Chiefs Aide and an Assistant Chief assigned on a 24-hour basis will not result in increased costs, since it will not result in an increase in staffing because the proposed change to the MOU simply codifies existing practice.

The Fire Department's FY 1999-2000 budget includes 50 Chiefs Operators at a total budgeted cost of \$3,586,178, including fringe benefits and 11 Assistant Chiefs at a total budgeted cost of approximately \$1,338,000, including fringe benefits. If the proposed MOU is approved, as of July 1, 1999, each Chief's Operator's annual salary would increase to \$71,112 and each Assistant Chief in Fire Suppression's annual salary would increase to \$120,142, assuming one 5.5 percent salary increase, the 6 percent Holiday Pay Premium and one three percent Education Premium. Similarly, by July 1, 2000, each Chief's Operator's annual salary would increase to \$77,274 and each Assistant Chief in Fire Suppression's annual salary would increase to \$130,552. To the extent that these employees qualify for other premiums or receive any overtime pay, their resulting annual salaries will be greater.

The Budget Analyst questions why the proposed MOUs need to include specific staffing for Chiefs

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Aides, Assistant Chiefs (in relation to the number of fire suppression Divisions) and Battalion Chiefs (in relation to the number of fire suppression Battalions), as well as other specific staffing levels, since the inclusion of such staffing levels then locks in these staffing levels and makes it extremely difficult, if not impossible, to be flexible in future budgets regarding actual staffing needs and funding requirements.

7. The Budget Analyst notes that Education Incentive Pay Premiums, which are proposed to increase from a specific biweekly pay amount for each classification to a three percent increase as of July 1, 1999 and another three percent increase, for a total of six percent, as of July 1, 2000 result in an increase at an accelerating rate, since such premiums will now be based on a percentage of salaries rather than a fixed amount. Furthermore, including such Pay Premiums in computing retirement benefits will further increase the Fire Department's retirement costs for the City. Ms. Villagomez reports that such policies are comparable to those included in the current Police Officers Association MOU.

In addition to the numerous changes in the proposed MOUs identified above, the Budget Analyst notes, and Ms. Villagomez acknowledges that there are two additional enhancements included in the proposed MOUs for the uniformed Fire Department employees than the existing Police MOUs currently provide for uniformed Police Department employees. As previously noted, one of these enhancements is the improved City paid health benefits for 75 percent of Kaiser Medical premiums for each employee plus two dependents, which Police Officers do not receive. As previously noted, the Fire Department MOUs also provide Administrative Assignment Pay Premiums, which the Police Officers do not receive.

8. In summary, under the proposed MOU, a H-2 Firefighter at the current maximum annual salary of \$56,697 would receive (a) two additional 5.5 percent salary increases on July 1, 1999 and July 1, 2000, for a total of 11 percent; and (b) Holiday Pay of six percent of the base salary. Approximately 70 percent of the

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employees would also receive the Education Incentive Pay Premiums of three percent on July 1, 1999 and another three percent on July 1, 2000, for a total of six percent, for a total additional compounded salary increase of 25.2 percent, or \$14,288, resulting in a total annual base salary of \$70,985 beginning July 1, 2000. The full amount of this increase in base salary will be used to compute retirement benefits for employees. The annual cost of the Holiday Pay provision of six percent will be offset by the elimination of Holiday Pay, averaging eight percent of base salary, for all members of the Fire Department whether they work the Holiday or not. However, existing Holiday Pay is not included as part of an employee's base salary for computing retirement benefits. In addition, H-2 Firefighters are likely to receive additional compensation for working any overtime hours, paid at time and one-half, and to receive other premium pay provisions, such as Administrative Assignment Pay, or Paramedic Cross-Training Pay, which are included in the proposed MOUs. Furthermore, the proposed MOU locks in staffing levels for one Chief's Aide for the Chief of the Department, each Battalion and each Division, on a 24-hour basis, without regard to future actual staffing needs or funding requirements.

9. As explained previously, under the proposed MOUs, if a Fire Suppression employee calls in sick on a holiday when that employee is scheduled to work, and is therefore not able to work on that holiday, the employee would not receive the six percent premium just for that specific biweekly pay period. The proposed MOU specifies eleven holidays annually. Therefore, if a Fire Suppression employee calls in sick on one holiday, thus necessitating an overtime shift to backfill for the absence, he or she has been absent for 9.1 percent (one out of eleven) of the annual holidays. However, by not receiving the six percent premium for only one pay period, the Fire Suppression employee is only penalized by losing 3.8 percent (one pay period out of 26.1 pay periods annually) of the six percent premium salary. This provision of the proposed MOU may not sufficiently deter Fire Suppression employees

from calling in sick on a holiday they are scheduled to work, therefore.

10. As shown in the Attachment, the Controller's Office estimates the cumulative cost of implementing the two proposed MOUs to be \$23,929,090, over the two-year period from July 1, 1999 through June 30, 2001. For FY 1999-2000, the total estimated annual costs are \$7,437,345 and for FY 2000-2001, the total estimated annual costs are \$16,491,745, as compared to the FY 1998-99 costs. The Budget Analyst notes that the assumptions used by the Controller's Office to estimate the cost analysis of these MOUs appear reasonable, although the actual costs may vary. The additional cost of these proposed MOUs will be funded from the Salary and Benefits Reserve included in the FY 1999-2000 recommended budget.

**Recommendation:** Approval of the proposed ordinances are policy matters for the Board of Supervisors.

Edward Harrington  
Controller

July 15, 1999

Ms. Gloria L. Young, Clerk of the Board  
Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

RE: Amendment to the Memorandum of Understanding with the San Francisco  
Fire Fighters Union Local 798  
File Numbers: 99-1032 and 99-1033

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to Memorandum of Understanding between the City and County of San Francisco and the San Francisco Fire Fighters Union Local 798. The amendment covers the period July 1, 1999 through June 30, 2001, and affects approximately 1,627 employees with a salary base of approximately \$98.9 million.

Based on our analysis, the amendment will result in incremental costs of approximately \$7.4 million in FY 1999-2000, and \$9.1 million in FY 2000-2001. The amendment will result in cost increases of approximately 7.52% above base salaries in FY 1999-2000 and 8.68% above base salaries in FY 2000-2001. Please see Attachment A for specific cost estimates.

If you have additional questions or concerns please contact me or Peg Stevenson of my staff at 554-7500.

Sincerely,

  
Edward M. Harrington  
Controller

cc: Alice Villagomez, ERD  
Harvey Rose, Budget Analyst

Attachment A  
 Firefighters Local 798  
 Estimated Costs 1999-2000 to 2000-2001  
 Controller's Office

<u>Annual Incremental Costs/(Savings)</u>	<u>FY 1999-2000</u>	<u>FY 2000-2001</u>
Wage Increase		
5.5% on July 1, 1999	\$5,440,369	
5.5% on July 1, 2000		\$5,739,589
Holiday Pay Changes (Net) <sup>1</sup>	(431,137)	(23,713)
Overtime Savings <sup>2</sup>	(267,300)	(14,702)
Education Achievement Pay <sup>3</sup>		
3% premium on July 1, 1999	1,979,895	
Additional 3% premium on July 1, 2000		2,191,479
Wellness Program <sup>4</sup>		405,000
Health Premium for "Medically Single" Employees	102,488	
Wage-Related Fringe Increases	613,031	756,746
Total Estimated Incremental Costs	<u>7,437,345</u>	<u>9,054,400</u>
Annual Amount Above 1998-99 Level	7,437,345	16,491,745
Cumulative Total Above 1998-99 Provisions		\$23,829,090
Incremental Cost % of Salary Base	7.52%	8.68%

<sup>1</sup> Previously, firefighters earned time and one half for all holidays. Under the new MOU, fire suppression units will earn a 6% premium on base salary instead, resulting in an estimated cost of approximately \$127,400. Non-suppression units will be paid for the holidays worked only, resulting in an estimated savings of approximately \$558,500, for the net savings shown of \$431,100.

<sup>2</sup> Under the new MOU, firefighters will no longer accrue compensatory time in lieu of holiday pay. This represents a long term reduction in the city's costs. This figure assumes that approximately 20% of the overtime that would have been used to cover for firefighters taking compensatory time is saved in each of the next two fiscal years.

<sup>3</sup> Assumes that 70% of members are eligible in each year of the contract. As more members become eligible, this cost will increase.

<sup>4</sup> Assumes that approximately 250 members (15%) are eligible and cash out up to 60 hours of sick leave per year beginning with the FY 2000-2001 fiscal year. While this program may allow the Fire Department to reduce overtime hours, we have not estimated an overtime budget decrease related to the Wellness Program at this time.



Item 3 – File 99-1269

**Department:** Public Utilities Commission (PUC)

**Item:** Resolution authorizing the Public Utilities Commission to apply for and enter into loan agreements not to exceed \$50,000,000 for the reimbursement of prior expenditures incurred for the construction of the Islais Creek / Rankin Street Transport Storage Facilities.

**Amount:** Not to exceed \$50,000,000

**Description:** Approval of this proposed resolution would authorize the PUC to apply for and enter into loan agreements not to exceed \$50,000,000 with the State of California, acting through the State Water Resources Control Board (SWRCB). According to the PUC, the State Revolving Fund (SRF) loan proceeds will be used to defease<sup>1</sup> or retire outstanding 1995 Sewer Revenue Bonds (Series A and a portion of Series B, hereinafter 'Bonds'), which were issued for the construction of sewage treatment facilities. As reported by Mr. Phil Arnold, Director of Special Projects, of the PUC, the resulting debt service savings is \$30,715,129 over the remaining 25-year life of the Bonds. The present value of the debt service savings is \$19,027,997 or 38 percent of the total Bond defeasing principal of \$50,000,000.<sup>2</sup>

Sewer Revenue Bonds were issued previously to finance the construction of the Islais Creek and Rankin Street Facilities (the 'Project'). Such facilities capture, store and transport combined sewage to the Southeast Treatment Plant from the drainage areas in the central portion of the City, which has resulted in the enhancement, preservation and protection of the quality of water in the San Francisco Bay.

**Comments:** 1. The Controller has certified that (i) sufficient unencumbered balances are expected to be available to meet all payments due from the PUC on the State loans

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<sup>1</sup> Defeasance is the term used to describe the termination of all rights and interests of the bondholders upon final payment of all debt service, in the manner required by the terms and conditions of the bond resolution.

<sup>2</sup> Present value calculated using a discount rate of 2.745 percent.

as they become due, and (ii) acceptance of the State loans to reimburse the PUC for funds previously expended to finance the Project is the most cost-effective method of financing the Project.

2. As reported by the PUC, the proposed transaction would be similar to a typical bond refunding, except that the PUC would enter into a low-interest rate loan agreement with the SWRCB to secure loan proceeds to retire the Bonds rather than issue refunding bonds.

3. As reported by the PUC, State Revolving Fund loan proceeds will be used to purchase an irrevocable escrow of U.S. Treasury securities, which would be sufficient to satisfy all principal, interest and redemption premiums on the outstanding Bonds. The escrow would defease or retire the outstanding Bonds, effectively removing the long-term debt liability from the PUC's financial statement. Subsequent to this escrow account funding, the PUC would only be responsible for the repayment to the State of the proposed State Revolving Fund loan principal and interest.

4. According to Mr. Arnold, the interest rates on the State Revolving Fund loan proceeds would vary from 2.4 to 3.4 percent and have an estimated composite rate of 2.73 percent over the life of the loans. The composite interest rate on the State Revolving Fund loan proceeds is estimated to be 3.04 percent lower on average than the 5.77 estimated composite interest rate on the Bonds being retired. As previously noted, the substitution of State Revolving Fund loan proceeds for Bond funds would reduce debt service costs by \$30,715,129 over the remaining 25-year life of the Bonds due to the lower interest rate on the loan proceeds.

5. As reported by the PUC, 1995 Sewer Revenue Bonds (Series A and a portion of Series B) would be retired. These Bonds have coupon interest rates ranging from 5.375 percent to 5.95 percent and maturities that extend to 2025.

6. As reported by the PUC, the State Revolving Fund loan proceeds will be repayable over 20 years.

7. According to Mr. Arnold, the interest rates on the State Revolving Fund loan proceeds may change prior to commitment, though an increase in the rate is not projected prior to commitment. Moreover, according to Mr. Arnold, in no case will the City use the State Revolving Fund loan proceeds should the rate on the loans be greater than the interest rate on the Bonds being retired. The loan proceeds must be committed by the end of the Federal Government fiscal year, or September 30, 1999.

8. According to Mr. Arnold, the related issuance costs, including escrow fees, total \$25,000 and will be paid from PUC operating revenues, not loan proceeds.

**Recommendation:** Approve the proposed resolution.



Item 4 - File No. 99-1278

**Department:** Public Utilities Commission (PUC)  
Department of Public Works (DPW)  
Department of Parking and Traffic (DPT)  
Public Utilities Commission (PUC)

**Item:** Resolution approving the expenditure of funds for the emergency work to perform immediate remedial improvements to the sewers on (a) 3<sup>rd</sup> Street between Jerrold and Palou Avenues, (b) Jennings Street between Donner and Egbert Avenues and (c) Donner Avenue between Ingalls and Jennings Streets.

**Amount:** \$1,674,713

**Source of Funds:** Previously reserved funds from the sale proceeds of 1998 PUC Sewer Revenue Bonds

**Description:** Mr. P.T. Law of the DPW reports that 3<sup>rd</sup> Street between Jerrold and Palou Avenues, Jennings Street between Donner and Egbert Avenues and Donner Avenue between Ingalls and Jennings Streets have been prone to flooding during moderate to heavy rainfall storms because the sewers there are unable to adequately support the rainwater runoff from such storms.

According to Mr. Law, these sewers required immediate remedial improvements before the start of another rainy season in order to prevent further flooding of 3<sup>rd</sup> and Jennings Streets and Donner Avenue, and thereby protect the health, welfare and property of the citizens of San Francisco. As such, on August 25, 1998, PUC declared that an emergency existed at the sewers located on 3<sup>rd</sup> and Jennings Streets and Donner Avenue. In accordance with Section 6.30 of the Administrative Code, the PUC initiated expedited contract procedures for the subject emergency work, and awarded a contract to McNamara & Smallman Construction, Inc. which submitted the lowest quotation in the amount of \$1,483,875.

Attachment I, provided by DPW, contains a description of the subject sewer improvement work.

**Budget:**

The total actual project cost was \$1,674,713, including \$1,482,563 in actual construction costs (or \$1,312 less than the contract award amount, see Comment No. 2); \$111,150 for DPW engineering and construction management costs; \$56,000 for DPW contract costs for construction inspection; \$20,000 for Department of Parking and Traffic (DPT) traffic control costs; and \$5,000 for Public Utilities Commission (PUC) project management costs.

A summary of this budget is as follows:

Construction Contract		\$1,482,563
DPW Bureau of Engineering	97,150	
DPW Bureau of Construction Management	<u>14,000</u>	111,150
DPW Contract for Construction Inspection		56,000
DPT Traffic Control		20,000
PUC Project Management		<u>5,000</u>
	Total	\$1,674,713

Attachment II, provided by DPW, contains further budget details to support the subject sewer improvement work.

**Comments:**

1. Invitations for proposals were faxed to 27 contractors on August 26, 1998. Six quotations were received by PUC from qualified contractors on August 31, 1998. PUC reports that McNamara & Smallman Construction, Inc. submitted the lowest quotation and was awarded the contract in the amount of \$1,483,875. The following table lists the contractors who submitted quotations, the amounts of the quotations and the MBE/WBE/LBE status of the contractors:

<u>Contractor</u>	<u>Quotation</u>	<u>MBE/LBE Status</u>
McNamara & Smallman	\$1,483,875	LBE
K.J. Woods Construction	\$1,514,000	LBE
JMB Construction, Inc.	\$1,871,218	LBE/WBE
NCCI/Shimmick	\$1,968,765	LBE/WBE
Ranger Pipelines, Inc.	\$1,946,000	LBE
Trinet Construction, Inc.	\$2,127,627	--

2. PUC reports that although the contract was awarded in the amount of \$1,483,875, the final contract cost, after

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adjustment for actual quantities used during construction, was \$1,482,563 or \$1,312 less than the contract award amount of \$1,483,875.

3. PUC reports that the necessary work on three damaged sewers began on September 4, 1998, and was completed on December 2, 1998.

4. Mr. Law reports that due to various delays in receiving expenditure documentation from the contractor, the PUC is requesting approval of this resolution over seven months after the construction work was completed.

**Recommendation:** Approve the proposed resolution.



## AGENDA ITEM

DEPARTMENT Utilities Engineering Bureau

AGENDA NO \_\_\_\_\_

MEETING DATE June 8, 1999

### SUMMARY OF PROPOSED ACTION:

Ratifying the Declaration of Emergency made by the President of the Public Utilities Commission for Clean Water Program Contract No. CW-202E, "3<sup>rd</sup> Street Sewer System Improvements, Phase I Emergency," and Requesting the Board of Supervisors to approve the expenditure of funds to replace the hydraulically inadequate sewers on 3<sup>rd</sup> Street between Jerrold and Palou Avenues, Donner Avenue between Ingalls and Jennings Streets, and Jennings Street between Donner and Egbert Avenues.

### DESCRIPTION OF PROPOSED ACTION:

The work performed under this Emergency consists of performing traffic routing work and trench support work; installation of 1,244 linear feet of 33-inch, 308 linear feet of 36-inch, and 1,188 linear feet of 42-inch diameter reinforced concrete pipe (RCP), 26 linear feet of 18-inch, 25 linear feet of 21-inch, and 27 linear feet of 24-inch diameter vitrified clay pipe (VCP) encased in reinforced concrete, 10-inch diameter VCP culverts, 16 concrete manholes, catchbasins, and two junction structures; side sewer connections; videotaping/repairing existing side sewers; removing existing sewers and structures; and all related incidental work. This work included all planning, design, and construction support services (under Job Order No. 1622N).

The invitations for proposals were faxed to twenty-seven (27) contractors on August 26, 1998.

#### APPROVALS:

DEPARTMENT /  
BUREAU

PRINCE

Steven Cartmichael

UTILITIES ENGR  
BUREAU

Michael E. Quan

GENERAL  
MANAGER

COMMISSION  
SECRETARY

Romaine A. Boldridge

**Cost Breakdown for ( J.O. #1622N, Contract #CW-202E)  
3RD Street Sewer System Improvement  
Phase I Emergency**

**Bureau of Engineering**

Classification	Title	Rate	Hours	Cost
5504	Project Manager II	\$ 82	45	\$ 4,140
5206	Associate Civil Engineer	\$ 75	172	\$ 12,900
5202	Junior Civil Engineer	\$ 50	498	\$ 24,900
5366	Civil Engineering Associate II	\$ 60	633	\$ 37,980
5381	Engineering Student Trainee II	\$ 33	229	\$ 7,557
1426	Secretary	\$ 43	225	\$ 9,675
				\$ 97,152
Rounded:				\$ 97,150

**Bureau of Construction Management**

Classification	Title	Rate	Hours	Cost
5210	Senior Civil Engineer	\$ 100	7	\$ 700
5208	Civil Engineer	\$ 80	10	\$ 800
5204	Assistant Civil Engineer	\$ 59	104	\$ 6,136
6318	Construction Inspector	\$ 74	85	\$ 6,364
Total				\$ 14,000

Department of Parking & Traffic	\$ 20,000
Consultant (Construction Management)	\$ 56,000
Public Utilities Commission (Project Management)	\$ 5,000
Total	\$ 81,000

7/6

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To <u>BABE</u>	From <u>PT LAW</u>		
Co./Dept.	Co.		
Phone #	Phone # <u>550-8347</u>		
Fax # <u>252-0461</u>	Fax # <u>550-8308</u>		



Item 5 - File 99-1301

**Department:** Airport

**Item:** Resolution requesting approval of a lease modification between American Airlines, Inc. and the City and County of San Francisco, acting by and through its Airport Commission.

**Location:** Boarding Area E, North Terminal Building, San Francisco International Airport

**Lessor:** City and County of San Francisco

**Lessee:** American Airlines, Inc.

**Description:** American Airlines, Inc. is the sole lessee of Boarding Area E in the North Terminal of the Airport, and currently has a 30-year lease with the Airport for use of 136,036 square feet of space. The lease expires June, 2011. American needs an additional 639 square feet of space for its Admirals Club. Such space is currently used by the Airport as a Smoking Room, which the Airport plans to eliminate due to lack of use. In exchange for the 639 square feet of space needed by American, American would relinquish 210 square feet of leased space in Boarding Area E. The exchange of space would result in a net increase of 429 square feet to be leased by American Airlines from the Airport.

The proposed resolution would modify the existing lease agreement between American Airlines and the Airport as follows:

- American Airlines would relinquish 210 square feet, which it currently leases from the Airport in Boarding Area E. Such space would be used by the Airport for additional food and beverage concession space.
- In exchange, the Airport would lease an additional 639 square feet to American, presently used by the Airport as the Smoking Room. American Airlines would use such additional space to expand its Admirals Club which currently contains 1565 square feet.

Comments:

1. As previously noted, the proposed lease modification would result in a net increase of 429 square feet of space for American. The additional rent that the Airport would receive annually from American Airlines, due to the increased square footage to be leased by American, is \$30,612.63 per year, as shown in the table below.

	<u>Square Feet</u>	<u>Annual Cost Per Square Foot</u>	<u>Annual Increase/ Decrease in Airport Revenues</u>
Space relinquished by American Airlines to the Airport (Category I space)*	210	\$113.69	(\$23,874.90)
Additional space to be leased to American Airlines (Category II space)**	639	85.27	54,487.53
Net additional annual rental revenues to be paid by American Airlines to the Airport for 429 additional square feet			\$30,612.63

\* Category I is defined as space that is used for ticket counters and hold-rooms.

\*\* Category II is defined as space that is used for ticket counter back offices, VIP clubs and lounges, and other purposes.

2. Mr. Gary Franzella, Assistant Deputy Airport Director, advises that the amount of \$52,261 for annual additional rent paid by American Airlines, which is stated in the proposed resolution, is incorrect, and that the correct amount is \$30,612.63. Therefore, the proposed resolution should be amended to reflect the correct amount of additional annual rental revenues payable by American Airlines to the Airport.

3. According to Mr. Franzella, the Airport estimates an annual increase in revenue to the Airport of \$380,432

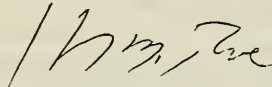
BOARD OF SUPERVISORS  
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resulting from a new food and beverage concession that would occupy the 210 square feet of space to be relinquished by American and an additional 185 square feet of adjacent Airport space, totaling 395 square feet. The Airport estimates that the total increase in annual rental and concession revenue to the Airport would be \$411,045 (\$380,432 plus \$30,613).

4. Mr. Franzella advises that the 210 square feet of additional food and beverage concession space would be operated by Host International, Inc., which has the exclusive rights for the sale of food and beverages in Boarding Area E in the North Terminal, as explained by Mr. Franzella in his attached memorandum.

**Recommendation:**

1. Amend the proposed resolution to reflect that the correct amount of additional annual rent to be paid by American Airlines to the Airport is \$30,612.63, and not \$52,261.
2. Approve the proposed resolution, as amended.



Harvey M. Rose

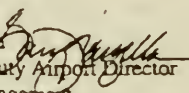
cc: Supervisor Yee  
Supervisor Bierman  
President Ammiano  
Supervisor Becerril  
Supervisor Brown  
Supervisor Katz  
Supervisor Kaufman  
Supervisor Leno  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Clerk of the Board  
Controller  
Legislative Analyst  
Matthew Hymel  
Stephen Kawa  
Ted Lakey

**AIRPORT COMMISSION**  
**SAN FRANCISCO INTERNATIONAL AIRPORT**  
**CITY AND COUNTY OF SAN FRANCISCO**

**MEMORANDUM**

**TO:** Severin Campbell  
Budget Analyst's Office

**DATE:** July 15, 1999

**FROM:** Gary Franzella   
Assistant Deputy Airport Director  
Aviation Management

**RE:** American Airlines Lease Modification #8

This will confirm our conversation regarding the handling of the concession space involved in the above referenced space swap and lease modification. The Airport has determined that the best use of the 210 sq. ft. space is a food and beverage concession. Under an existing Master Concession Food and Beverage Agreement, Host International, Inc. (Host) has the exclusive rights for the sale of food and beverages for immediate consumption in the existing terminal building complex, including Boarding Area "E", where this space is located. Their exclusivity does not extend into the New International Terminal.

Host currently has over 110,000 square feet of food and beverage space under the Master Concession Agreement. The agreement is structured in a way to ensure that Host is able to remain current with changing concepts and consumption trends. In accordance with an Expansion/Contraction clause within the agreement, the Airport will occasionally request that Host add concepts to meet our passengers' demands. Changes of this nature, because they are provided for in the Master Food and Beverage Concession Agreement, do not require Board of Supervisors approval.

Host currently pays concession rent equal to 9.24% on all food and non-alcoholic beverages and 15.24% on all alcoholic beverages. With this additional location, the Airport expects overall food and beverage sales to increase with resultant Airport revenue increases per these percentages.

Please contact me if you require any additional information.

cc:  
Bob Rhoades  
Lorri Vasquez



City and County of San Francisco  
Meeting Minutes  
Finance and Labor Committee

City Hall  
1 Dr. Carlton B.  
Goodlett Place  
San Francisco, CA  
94102-4689

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

Wednesday, July 28, 1999

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Tom Ammiano.

Members Absent: Sue Bierman.

Meeting Convened

*The meeting convened at 10:14 a.m.*

REGULAR AGENDA

991303 [Increase in grant funds to continue services of the K-9 Explosives Detection Team Program for response to bomb threats at the Airport]

Resolution authorizing the Airport Commission to accept and expend a funding increase from \$708,000 to \$1,202,500 or subsequent increases from the Federal Aviation Administration for the K-9 Explosives Detection Program. (Airport Commission)

6/30/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jon Ballesteros, Airport. Amendment of the Whole further amended to place \$182,000 on reserve.*

AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.

Resolution authorizing the Airport Commission to accept and expend a funding increase from \$708,000 to \$1,202,500 from the Federal Aviation Administration for the K-9 Explosives Detection Program; placing \$182,000 on reserve. (Airport Commission)

RECOMMENDED AS AMENDED by the following vote:

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

DOCUMENTS DEPT.

AUG 06 1999

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- 991327 [Disposition process for real Property and providing that the proceeds from the sale of property be used for transportation purposes to the extent required by Section 72 of the Streets and Highways Code]  
Supervisor Katz

Ordinance approving and authorizing a request for proposals process for the disposition of certain real property located between Spear and Main Streets near Folsom Street, comprising a portion of the former Caltrans right-of-way and described as Block 3740, Lot 27; requiring that the final agreement for disposition and development of the property be subject to Board of Supervisors approval by resolution; and adopting findings that the proposed disposition process is consistent with the City's General Plan and eight priority policies of Planning Code Section 101.1.

7/12/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Monique Moyer, Mayor's Office of Economic Development; Supervisor Yee; Supervisor Ammiano; Tony DeLucchi, Real Estate Department*

**CONTINUED TO CALL OF THE CHAIR by the following vote:**

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

- 991391 [Permitting non-city workers to perform work for the City, instead of City employees, because the non-city workers can perform the work at a lesser cost than City employees Shuttle Bus service at Airport]  
Resolution approving the Controller's certification that Shuttle Bus Services for San Francisco International Airport's Long-Term Parking Lot and the employee Garage DD can practically be performed by private contractor at a lower cost than if work were performed by City and County employees at presently budgeted levels. (Airport Commission)

7/14/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Jon Ballesteros, Airport*

**RECOMMENDED by the following vote:**

Ayes: 2 - Yee, Ammiano

Absent: 1 - Bierman

## **ADJOURNMENT**

*The meeting adjourned at 10.46 a.m.*

0.254  
8/99  
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS

BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

July 23, 1999

TO: Finance and Labor Committee

FROM: Budget Analyst

SUBJECT: July 28, 1999 Finance and Labor Committee Meeting

DOCUMENTS DEPT

Item 1 – File 99-1303

JUL 27 1999

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Department: Airport

Item: Authorizing the Airport to accept and expend an increase in grant funds of \$494,500, from \$708,000 to \$1,202,500, from the Federal Aviation Administration for the Airport's K-9 Explosives Detection Team Program.

Amount: A minimum of \$494,500

Source of Funds: Federal Aviation Administration (FAA)

Program: K-9 Explosives Detection Team Program

Program Period: October 1, 1998, to September 30, 1999

Description: The proposed resolution would authorize the Airport to accept and expend FAA grant funds in the amount of \$494,500. These funds are granted as reimbursement to the Airport for expenditures incurred for the Airport's K-9 Explosives Detection Team Program between October 1,

BOARD OF SUPERVISORS  
BUDGET ANALYST

1998 and September 30, 1999, but are available for expenditure by the Airport on expansion of the Program.

In January and August of 1998, the Board of Supervisors approved two resolutions (Nos. 22-98 and 708-98) authorizing the Airport to accept and expend FAA grant funds of \$708,000. These funds were granted as reimbursement to the Airport for expenditures incurred for the Airport's K-9 Explosives Detection Team Program between March 23, 1997 and September 30, 1998.

This subject request is to authorize the acceptance and expenditure of additional FAA grant funds of \$494,500. These funds would be granted as reimbursement to the Airport for the expenditures incurred for the K-9 Explosives Detection Team Program between October 1, 1998 and September 30, 1999 for: dog handler salaries, overtime, uniforms, travel and training; dog food, veterinary care, and kenneling; vehicles and vehicle maintenance; and explosives travel and training.

**Budget:** According to Lt. William Gitmed of the Airport's K-9 Explosives Detection Team, the FAA grant funding increase of \$494,500 will be expended on the items specified in the Attachment, the details of which have been provided by the Airport.

**Required Match:** None

**Comments:** 1. As shown in the Attachment, the Airport has provided budget details for \$312,500 of the total grant of \$494,500. Budget details for the balance of \$182,000 have yet to be finalized.

2. The K-9 Explosives Detection Team, which includes one Airport Police Sergeant, seven Airport Police officers, and eight dogs, responds to bomb threats at San Francisco International Airport. Additionally, according to Lt. Gitmed, the Team responds to other Bay Area airports, and other municipalities, on an as-requested and as-available basis. In particular, the Team provides explosives detection services to the 23 law enforcement agencies within San Mateo County under a mutual assistance agreement with San Mateo County. In

response to mutual assistance requests, each party agrees to assist the other at no cost. Responding to most requests made under the mutual assistance agreement is accommodated within normal staffing levels. However, when the Team does incur overtime and other additional costs, the Airport bills the FAA for reimbursement of those costs.

3. According to Lt. Gitmed, the FAA grants reimburse the Airport for expenditures incurred for the Airport's K-9 Explosives Detection Team Program. Mr. Cesar Sanchez of the Airport advises that expenditures incurred for the K-9 Explosives Detection Team Program are advanced from Airport operating revenues. The K-9 Explosives Detection Team submits all its expenditures to the FAA, which partially reimburses the Airport. To date, the minimum reimbursement made by the FAA is \$52,000 per year, per dog, for six of the dogs, for a minimum total reimbursement of \$312,000. Reimbursement in excess of \$312,000 has occurred because of the availability of surplus FAA funds. The FAA allows the Airport to expend the FAA grant funds it receives within a number of specified expenditure categories. Lt. Gitmed confirms that the Airport's expenditures to date against FAA grant funds meet the expenditure specifications of the Cooperative Agreement between the FAA and the Airport.

4. Lt. Gitmed advises that the subject increase in grant funds, in the amount of \$494,500, comprises a Federal FY 1997-98 FAA grant in the amount of \$182,000 and a Federal FY 1998-99 FAA grant in the amount of \$312,500.

5. As of the writing of this report, the Airport does not have budget details for the Federal FY 1997-98 FAA grant of \$182,000. Therefore, the \$182,000 should be reserved.

**Recommendations:**

1. Amend the proposed resolution to reserve \$182,000, pending submission by the Airport to the Board of Supervisors of budget details, in accordance with Comment No. 5.
2. Approve the proposed resolution as amended.

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Caryl Ito

JOHN L. MARTIN  
Airport Director



## PROPOSED BUDGET FOR THE FAA GRANT OF \$494,500

Qty	Description	Unit Cost	Total
<b><u>Federal FY 1997-98 FAA Grant of \$182,000</u></b>			
	Future Expansion Reserve Fund	-	\$182,000
	<i>Subtotal</i>		182,000
<b><u>Federal FY 1998-99 FAA Grant of \$312,500</u></b>			
<b>Operating Expenses for 12 months</b>			
	Monthly K-9 Food	\$700	8,400
	Monthly Vet Care	915	10,980
	Monthly Kenneling	175	2,100
	Monthly Vehicle Maintenance and Repairs	825	9,900
	Conference Travel and Per Diem	500	500
	Programmatic Overtime	-	67,380
<b>Program Enhancements</b>			
2	Chevy Tahoe 4-Wheel Drive Vehicle	41,160	82,320
2	Emergency Light Bar and Equipment	4,230	8,460
6	Panasonic In-Vehicle Laptop Computer	6,000	36,000
6	Laptop Computer Software	3,000	18,000
6	Laptop Computer Mountings, etc	1,300	7,800
6	Motorola In-unit Police Radios	4,600	27,600
6	In-unit SMSO Radios	3,313	19,878
6	Chevy Tahoe Vehicle Painting Black/White	\$2,197	13,182
	<i>Subtotal</i>		312,500
<b>GRAND TOTAL</b>			<b>\$494,500</b>

Item 2 - File 99-1327

**Department:** Mayor's Office of Economic Development (MOED)  
Real Estate Department (DRE)

**Item:** Approving and authorizing a Request for Proposals (RFP) process for the sale of certain City-owned real property located between Spear and Main Streets near Folsom Street, comprising a portion of the former Caltrans right-of-way and described as Block 3740, Lot 27; requiring that the final agreement for disposition and development of the property be subject to Board of Supervisors approval by resolution; and adopting findings that the proposed disposition process is consistent with the City General Plan and Eight Priority Policies of City Planning Code Section 101.1.

**Location of Subject Property:** The City-owned real property proposed for sale (hereinafter, the "Property") is located in the South of Market District and is bounded by Spear Street on the east, Main Street on the west, 221 Main Street on the north and several private parcels located along Folsom Street on the south. The Property is described generally as Assessor's Block 3740, Lot 27. Attachments 1 and 2, provided by MOED and DRE, are an Area Map and Assessor's Map, respectively, with the Property proposed for disposition so marked.

**Description:** The Property, which comprises part of the former Caltrans right-of-way for Route 480, was transferred by the State of California to the City at no cost following the Loma Prieta earthquake. The City acquired the Property from the State of California pursuant to Resolution No. 878-96 and Section 72 of the California Streets and Highways Code. Today, the Property is used as a parking lot and contains approximately 34,057 square feet of land. Under the proposed RFP, the sale of the Property is contingent on the successful negotiation of a Disposition and Development Agreement (DDA) and a Purchase and Sale Agreement (PSA) between the City, through the DRE and MOED, and the developer, as well as approval of both of these agreements by the Board of Supervisors.

**Proposed Development on Subject Property**

The proposed ordinance authorizes the Director of Property to seek proposals for the purchase of the Property and the development of a mixed-use project through a Request for Proposals process to achieve the goals of not only generating proceeds from the sale of the Property but also in providing for the development of a project that is compatible with the surrounding neighborhood, energizing the developing residential community in the areas, increasing vital street life necessary to attract additional residents and visitors, and augmenting the City's supply of affordable housing. According to Mr. Blout, based on the zoning designations for adjoining property, the mixed-use development may have up to a maximum of 272 multifamily residential units depending on the final Disposition and Development Agreement (DDA) negotiated and approved and on final entitlements granted by the Planning Commission and the Board of Supervisors.

The proposed ordinance states that the preferred development program for the Property shall include (i) residential development, including affordable housing that meets or exceeds a requirement that 20% of the units (approximately a minimum of 54 units) be provided at 50% or below the area median income, and (ii) cultural/performing arts, destination retail and/or entertainment uses, as described in the RFP. The development program may also include a complementary office space component. According to Mr. Blout, the final aspects of the development, including total sq. footage and development cost estimates, will not be known until a final DDA is negotiated between the DRE, MOED and developer and final entitlements are granted by the Planning Commission and the Board of Supervisors. The final DDA must then be submitted for approval to the Board of Supervisors.

### **Findings Under the Proposed Ordinance**

According to Mr. Jesse Smith, Deputy City Attorney, the proposed sale, under an RFP process, is consistent with Section 72 of the California Streets and Highways Code, if the proceeds for its sale are used for transportation purposes. However, Mr. Smith also reports that Section 72 does not preclude the City from using a competitive public auction instead of an RFP.

Mr. Gerald Green, Director of Planning, states in a letter dated July 8, 1999 that the land use, urban design and transportation objectives described in the RFP are consistent with the General Plan policies and objectives.

### **Comments:**

1. Attachment 3 is a memorandum, dated July 22, 1999, provided by Mr. Anthony DeLucchi, Director of Property, which explains why the subject property, consisting of 34,057 sq. feet of land, is being sold through an RFP process and not through a competitive public auction process.

2. In view of the fact that the identical project development provisions specified in the RFP process could be specified in a competitive public auction process, there is nothing in Section 72 of the California Streets and Highways Code to preclude the City from using a public auction process, which would require that the sale of the Property be made to the highest, most responsive bidder based solely on price, as long as the bidder meets the City's project development provisions.

3. Ms. Barbara Moy, Chief of DPW's Street Use and Mapping Bureau, reports that the City does not need the Property for present or prospective street purposes.

4. According to Mr. Larry Ritter, Principal Real Estate Officer, of the DRE, the Property is currently operated as a parking lot under a lease agreement with K.T. Park Inc. The Property generates annual rental revenues of \$336,048 for the City under a month-to-month lease, which was taken over by the City from the State when the Property was transferred to the City from the State at no cost to the City.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

5. As stated in the RFP, the minimum bid price for the Property is \$6,200,000. Moreover, the developer will be responsible for any hazardous materials remediation on the Property.

6. According to Mr. DeLucchi, the minimum bid for the Property will be set at \$6,200,000, or approximately \$182.05 per square foot, which is approximately 61 percent of the appraised fair market value (FMV) of \$10,200,000 for the Property, which assumes development with typical affordable housing requirements. Mr. DeLucchi states in his memorandum that the reason why the City is not requiring that the Property be sold at full FMV is because of the City's required affordable housing component in its preferred development program. Mr. DeLucchi also states that the Property would be worth substantially less than the \$10,200,000 FMV, if it were sold as presently zoned, "P" or public use. Further explanation is provided in Attachment 3.

7. According to Ms. Tina Olson, Finance Manager of DPW, the sale proceeds from the Property will be allocated, subject to appropriation approval of the Board of Supervisors, to transportation purposes as prescribed by Section 72 of the California Streets and Highways Code. Since the sale proceeds cannot be used for General Fund purposes, they will instead be used for repayment of funds earlier provided by the Transportation Authority for the Mid-Embarcadero Roadway Project.

8. According to Mr. Blout, the Property was transferred to the City by the State at no cost following the Loma Prieta earthquake subject to Section 72 of the California Streets and Highways Code. This State statute obligates the City, (a) to construct a system of ramps and streets pursuant to a joint agreement with Caltrans, and, (b) to utilize the Route 480 right-of-way, or the proceeds for its sale, solely for the construction of a transportation system. Hence, the proposed ordinance requires the net proceeds from the sale of the property to be used for transportation purposes to the extent required by Section 72.

9. As stated in the RFP, the financial objectives include (a) the maximization of the sale price to the City for the Site consistent with the Community Benefit Objectives and (b) the maximization of economic return to the public through tax generation and job creation.

The four Community Benefit Objectives are:

- Create or retain jobs for San Francisco residents, especially economically disadvantaged residents. Participate in the City's First Source Hiring Program<sup>1</sup>, as required by City ordinance.
- Provide minority and women-owned business enterprises with an equal opportunity to compete for and participate in project development and operations.
- Provide opportunities to San Francisco youth, especially economically disadvantaged youth, through appropriate training and entry-level hiring programs.
- Expand the City's inventory of affordable housing units.

10. As stated in the RFP, all proposals are to be hand delivered to MOED no later than 30 days after Board of Supervisors approval of this ordinance. According to Mr. Blout, the 30-day deadline is customary for these types of projects, and an aggressive marketing campaign will be undertaken including advertising in the *Wall Street Journal* as well as leading trade and local publications.

11. The Budget Analyst questions whether a 30-day time period is sufficient to obtain comprehensive proposals from all potential developers. However, as previously noted, according to Mr. Blout, 30 days is the customary time period for responding to a development RFP.

12. Attachment 4, provided by Mr. DeLucchi, explains how the project will be marketed. As of the writing of this report, the mailing list for the RFP is still being developed.

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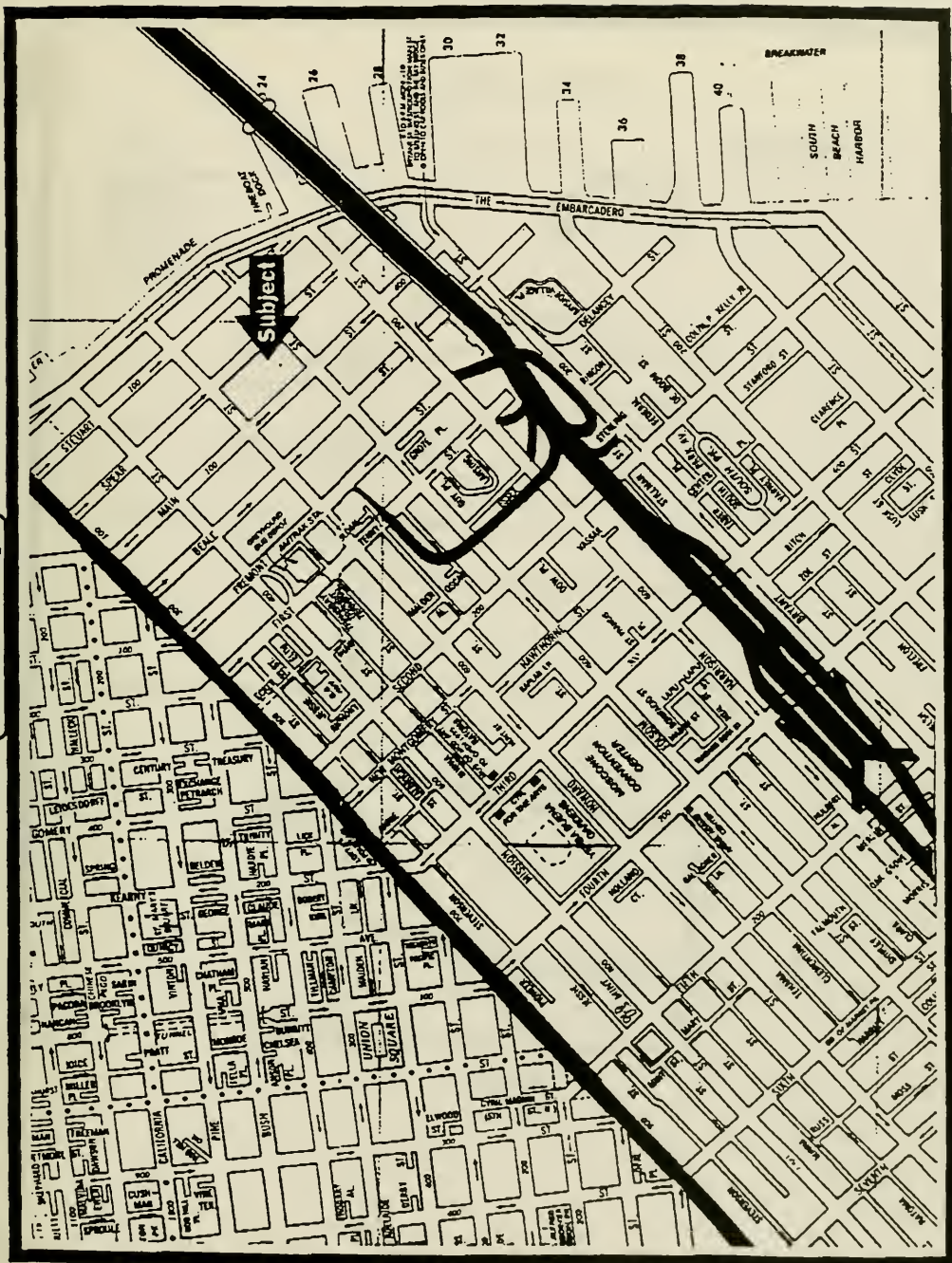
<sup>1</sup> Under the First Source Hiring program, the City would have the first opportunity to refer economically disadvantaged individuals for entry level employment before the employer seeks employees from other sources.

13. Under the proposed ordinance, the Board of Supervisors would authorize the Director of MOED and the Director of Property to make any additions, amendments or other modifications to the RFP that the Director of MOED and the Director of Property determine are in the best interests of the City, consistent with the intent and purpose of the proposed ordinance. However, as previously noted the final Disposition and Development Agreement and the Purchase and Sale Agreement are subject to approval of the Board of Supervisors.

**Recommendation:** Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

## ATTACHMENT 1

## Area Map



# Assessor's Map

ATTACHMENT 2

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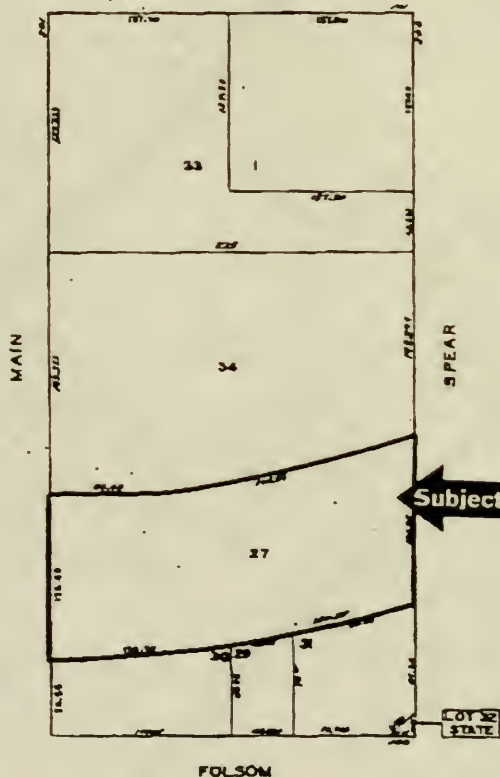
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71-80	71-80
81-90	81-90
91-100	91-100

3740

100 VARS. 31.1, 33.0

SECTION	AREA
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3	1.00
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7	1.00
8	1.00
9	1.00
10	1.00

HOWARD



Subject

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STATE

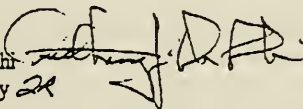
City and County of San Francisco

ATTACHMENTS 3 &amp; 4 Real Estate Department

Office of the  
Director of Property

## MEMORANDUM

July 22, 1999

Sent Via E-Mail and Facsimile  
(252-0461)TO: Todd Rydstrom  
Budget AnalystFROM: Anthony J. DeLucchi   
Director of Property *AL*SUBJECT: 99-1327  
Spear Street Disposition

As requested, please see attachments 1 and 2.

**ATTACHMENT 3**  
**(Page 1 of 2)**

- **Why the Property is not being sold through a competitive bid or public auction versus an RFP?**

The MOED requested that an RFP process be used for the disposition of this property to meet the project goals and objectives as set forth in the draft Request for Developer Proposals.

In addition, the property is being sold through the RFP process to ensure that development of the site is in accord with the preferred development program, i.e.

- Residential development, including affordable housing units. For this project, the City has set a goal that a minimum of 20 percent of housing units be affordable to households whose annual income is no higher than 50 percent of the median income for the San Francisco Metropolitan Area as determined by the U.S. Department of Housing and Urban Development (HUD). All affordable units shall be either rental and/or condominium and shall be affordable for a minimum of 50 years.
  - Cultural/performing art uses, destination retail and/or entertainment uses that will energize the area and attract residents and visitors.
- **Please include verification that this Property will go to the highest, most responsive bidder.**

Completed proposals will be reviewed and evaluated by a Selection Panel comprised of the Director of the Mayor's Office of Economic Development, the Director of the Mayor's Office of Housing, the Director of Property, and the Director of the Department of City Planning.

Following evaluation of the proposals, the Selection Panel will make a recommendation to the City Planning Commission, for their approval, to enter into exclusive negotiations with one of the respondents. Price is only one of the factors that will be considered in addition to the other stated criteria. The legislation establishes a \$6.2 M. bid price. The bid must be at least \$6.2 M. to be responsive.

A Disposition and Development Agreement (DDA) will be negotiated with the selected developer subject to the approval by the Board of Supervisors, by resolution, in their absolute discretion, after completion of all required environmental review under CEQA.

**ATTACHMENT 3**  
**(Page 2 of 2)**

- **Outline FMV under proposed use in a competitive bid environment as well as in an RFP environment.**

**If \$6.2 million is less than FMV in a competitive bid environment, what is the justification for the City not getting a competitive bid FMV?**

The site has been appraised by an independent appraiser assuming entitlements under the preferred development program (the property is currently zoned "P" ((public use)) and is not entitled for private development). Its value as of June '99 is \$6.2M. based on an appraisal prepared by Chris Carneghi of Carneghi-Bautovich & Partners, Inc.

Mr. Carneghi's value of the site with a typical affordable housing requirement of 10% of the units at 60% of the HUD median is \$10,200,000. His opinion of value is \$6.2 M. based on a development calling for the additional affordable housing (minimum 20% @ 50% of HUD median income).

Its value would be substantially less than \$10.2M., possibly as low as \$5 M. if it were sold with a "P" zoning, lack of entitlements, and uncertainty of development potential.

- **How will proceeds be used/allocated?**  
**What restrictions apply to the proceeds?**

This proposed Ordinance which is consistent with the State legislation by which the City acquired this former Embarcadero Freeway parcel from Caltrans, requires the sale proceeds to be used for certain transportation purposes, to the extent mandated by California Streets and Highway Code Section 72.

#### ATTACHMENT 4

- **How will the Property be aggressively marketed?  
List all parties who will receive the RFP.**

It is proposed that the property will be appropriately advertised in newspapers and real estate related business periodicals, e.g., the Wall Street Journal, San Francisco Business Times, etc.

The PUC, Port, and Redevelopment Agency have recently released RFPs for major development projects. We are presently compiling a mailing list from lists developed by these departments.

- **How long will they have to respond to the RFP, and the reason for that amount of response time (30 days?).**

The Request for Developer Proposals is a draft only. According to the MOED the 30-day response time is customary and consistent with other proposals. This response period is subject to further discussion and could be extended.

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Item 3 – 99-1391

**Department:** Airport

**Item:** Resolution concurring with the Controller's certification that shuttle bus services for San Francisco International Airport's Long-term Parking Lot and Employee Parking Garage can continue to be practically performed by private contractor at a lower cost than if work were performed by City and County employees.

**Services to be Performed:** Shuttle bus services for San Francisco International Airport's Long-term Parking Lot and Employee Parking Garage, located at the North end of the Airport on South Airport Road.

**Description:** Charter Section 10.104 provides that the City may contract with private firms for services which can be practically performed for a lower cost than similar work by City and County employees.

The Controller has determined that contracting for the shuttle bus services at the Airport for FY 1999-2000 would result in estimated savings as follows:

	Lowest Salary <u>Step</u>	Highest Salary <u>Step</u>
<u>City-Operated Service Costs</u>		
Salaries	\$3,968,536	\$4,041,119
Fringe Benefits	<u>987,811</u>	<u>998,931</u>
Total	* 4,956,347	5,040,050
<u>Contractual Service Costs</u>	<u>4,532,014</u>	<u>4,532,014</u>
<u>Estimated Savings</u>	\$ 424,333	\$ 508,036

\* Totals differ from the Controller's analysis due to rounding.

**Comments:** 1. Shuttle bus services consist of providing free ground transportation to airline passengers and employees between both the Airport long-term parking lot and the employee parking garage and the Airport terminals.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

2. The Airport reports that shuttle bus services for San Francisco International Airport were first certified under Proposition J, (Charter Section 10.104), in FY 1974-75 and have been continuously provided by an outside contractor since that time.

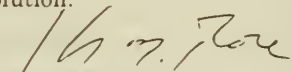
3. According to Ms. Alice Sgourakis of the Airport, the Airport awarded a ten-year contract to SFO Shuttle Bus Company, which operates the long-term parking and employee garage shuttle bus service, effective January 1, 1998. The proposed resolution would approve the Controller's certification for the second full fiscal year of the 10-year contract, from July 1, 1999 through June 30, 2000.

4. The Contractual Services Costs used for the purpose of this analysis is based on the SFO Shuttle Bus Company projected FY 1999-2000 costs to provide the shuttle bus service at the Airport.

5. The estimated FY 1999-2000 Contractual Services Cost of \$4,532,014, is \$1,222,503, or 36.9 percent more than the FY 1998-99 cost of \$3,309,511. Attachment I is a letter from Mr. Duke Briscoe, Deputy Airport Director, explaining the reasons for this 36.9 percent cost increase and why such an increase in this contract does not require a new competitive bid.

6. Attachment II is the Controller's supplemental questionnaire with the Department's responses.

**Recommendation:** Approve the proposed resolution.

  
Harvey M. Rose

cc: Supervisor Yee  
Supervisor Bierman  
Supervisor Becerril  
President Ammiano  
Supervisor Brown  
Supervisor Katz

Supervisor Leno  
Supervisor Kaufman  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Clerk of the Board

Controller  
Legislative Analyst  
Matthew Hymel  
Stephen Kawa  
Ted Lakey

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Caryl Ho

JOHN L. MARTIN  
Airport Director



July 23, 1999

Mr. Harvey Rose  
Budget Analyst Office  
San Francisco Board of Supervisors  
1390 Market Street, Suite 1025  
San Francisco, CA 94102

Dear Mr. Rose:

Pursuant to your office's request, Landside Operations has prepared answers to the questions regarding the Airport Employee and Long-Term Parking Shuttle contract.

Question 1. Last year's resolution described the shuttle bus services somewhat differently from this year. Can you provide me a description of the service?

The 24-hour shuttle provides service between the terminals and employee parking (Garage DD) and air passenger long-term parking (Lot D). The shuttle service provides a key transportation connection to the Airport terminals and major employment sites along the McDonnell service road. SFO Shuttle Bus Company, a wholly owned subsidiary of San Francisco Parking, operates the shuttle service at SFO. In early 2000, 3,135 new parking stalls will come on line in the new IT parking complex. In conjunction with this addition in parking supply, an Inter-Terminal shuttle route will be implemented to serve the new South Garage and the existing terminals. Additional service hours will be required when the new International Terminal opens in May 2000. The introduction of the Inter-Terminal route and the IT service will increase peak hour vehicle requirements to 14 buses.

Question 2a. Provide an explanation why costs of the shuttle service have increased over 30% from last year?

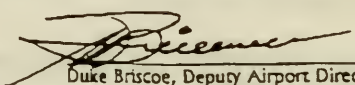
The operating budget has increased by about 30% over last year due to increased service hour requirements resulting from the initiation of expanded shuttle service (as described above) between the terminals and between

CHARTER 10.104.15 (PROPOSITION 1) QUESTIONNAIRE

Department: Airport Commission  
Contract Services: Airport Shuttle Bus Services  
Contract Period: July 1, 1999 to June 30, 2000

- 1) Who performed the activity/service prior to contracting out?  
With construction of the Remote Public Parking Facility in 1975, shuttle bus service was initiated by contract. Prior to 1975, the area was utilized as a small lot for SFIA employee parking. An employee van service was provided by Airport Parking Management (APM).
- 2) How many City employees were laid off as a result of contracting out?  
None (See #1)
- 3) Explain the disposition of employees if they were not laid off.  
N/A (See #1)
- 4) What percentage of City employees' time is spent on services to be contracted out?  
N/A (See #1)
- 5) How long have the services been contracted out? Is this likely to be a one-time or an ongoing request for contracting out?  
Since 1975. The current contract commenced on January 1, 1998 for a 10-year period with up to five additional one-year options.
- 6) What was the first fiscal year for a Proposition 1 certification: Has it been certified for each subsequent year?  
1974-1975. Yes, it has been certified each year since.
- 7) How will the services meet the goals of your MBE/WBE Action Plan?  
Although this contract was not awarded to a MBE/WBE firm in 1996, it must adhere to the City's non-discrimination ordinance contained in Chapters 12B & 12C of the City's Administrative Code. This contract also contains MBE/WBE goals, which the Contractor must meet.
- 8) Does the proposed contract require that the contractor provide health insurance for its employees? Even if not required, are health benefits provided?  
The contract does not require health insurance. However, the contractor provides health insurance for its employees per a labor agreement.
- 9) Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partners ordinance?  
The contractor provides benefits to spouses and domestic partners.

Department Representative:

  
Duke Briscoe, Deputy Airport Director - Operations

Telephone Number:

(650) 794-5010

H:DPIno/WPDOCs/05033A9.DP1

Mr. Harvey Rose  
July 23, 1999  
Page 2

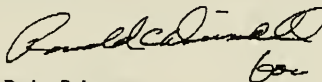
long-term parking and the new IT. In 1998, the annual service hours analyzed in the Prop J totaled 109,500; in 1999, the service hours required due to Master Plan expansion projects total 145,666, an increase of 33 percent.

Question 2b. Why does such an increase in the existing contract not prompt a new competitive bid process?

Fluctuations in the number of bus hours due to new Airport Master Plan facilities was discussed and was an integral part of the original Airport Shuttle bus RFP issued in 1996. Furthermore, the increases incorporated in this Prop J are extensions of existing parking lot/terminal shuttle service, not new routes. For these reasons, it is not warranted to reissue an RFP at this time.

If you have any further questions, please call Daniel Pino in Landside Operations at (650) 794-6514.

Sincerely,



Duke Briscoe  
Deputy Airport Director  
Operations

cc: Severin Campbell, Budget Analyst Office





City and County of San Francisco  
Meeting Minutes  
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

City Hall  
1 Dr. Carlton B.  
Goodlett Place  
San Francisco, CA  
94102-4689

Wednesday, August 04, 1999

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting convened

The meeting convened at 10:15 a.m.

REGULAR AGENDA

DOCUMENTS DEPT

SEP 18 2000

SAN FRANCISCO  
PUBLIC LIBRARY

- 991389 [Amending the Health Code to establish patient rates for services, effective July 1, 1999]  
Ordinance amending Health Code by amending Section 128 to fix patient rates for services furnished by Department of Public Health, retroactively to July 1, 1999.

(Amends Section 128)

7/13/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Ken Bruce, Budget Analyst Office; Ann Okubo, Department of Public Health; Supervisor Yee.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

- 991392 [Authorizing agreements and acceptance of assets related to the dissolution of Western Addition Parking Corporation and the lease of the Japan Center Garages at 1660 Geary Boulevard and 1680 Fillmore Street]

Ordinance authorizing the Department of Public Works to accept a gift of \$550,000 from the City of San Francisco Western Addition Parking Corporation for the renovation of the Peace Plaza at the Japanese Cultural and Trade Center; approving the dissolution of the City of San Francisco Western Addition Parking Corporation and accepting the remaining assets and liabilities of said corporation; approving the transfer of said assets and liabilities to the Japantown Garage Parking Corporation; approving the form of lease of the Japantown Garage to the Japantown Garage Parking Corporation; ratifying previous actions taken in connection with the foregoing matters; and authorizing the taking of appropriate action in connection therewith. (Department of Parking and Traffic)

7/9/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Supervisor Yee; Ken Bruce, Budget Analyst Office; Jeff Mori, President, Japan Center Garage Corporation; Bob Davis, Director, Parking Authority; Supervisor Ammiano; Supervisor Bierman. Continued to August 18, 1999.

CONTINUED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano



- 991423 [Accepting gift donation of construction management services valued at \$150,000 for the construction of the Airport Library, Archive and Museum that will be located at the new S.F. International Airport] Resolution accepting a gift from Parsons Infrastructure and Technology Group Inc. for construction management services related to the construction of the Airports Aviation Library, Archive and Museum. (Airport Commission)

7/20/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Ken Bruce, Budget Analyst Office; Jon Ballesteros, Airport; Supervisor Bierman.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

- 991452 [Lease: Property owned by Herbst Foundation at 30 Van Ness Avenue for S.F. Police Department Exam Unit, for a term of 5 years at a monthly rental rate of \$2,865.50.] Resolution authorizing a lease at 30 Van Ness Avenue for the San Francisco Police Department. (Real Estate Department)

7/21/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Ken Bruce, Budget Analyst; Tony DeLucchi, Real Estate Department; Supervisor Yee; Captain Alex Fagan, Police Department.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

## ADJOURNMENT

*The meeting adjourned at 10:48 a.m.*



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4/99  
CITY AND COUNTY



OF SAN FRANCISCO

BOARD OF SUPERVISORS  
BUDGET ANALYST

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

July 30, 1999

TO: Finance and Labor Committee  
FROM: Budget Analyst  
SUBJECT: August 4, 1999 Finance and Labor Committee Meeting

Item 1 - File 99-1389

**Department:** Department of Public Health (DPH)

**Item:** Ordinance amending Part II, Chapter V, of the San Francisco Municipal Code (Health Code) by amending Section 128 thereof, to set patient rates for services provided by the Department of Public Health, authorizing retroactively the effective date of July 1, 1999.

**Description:** The San Francisco Municipal Code requires the City to approve an ordinance each year fixing patient rates for services provided by Department of Public Health (DPH). DPH reviews annually its charges for services and makes adjustments, when appropriate, to provide for a full recovery of costs. The proposed ordinance would set DPH patient rates for San Francisco General Hospital, Laguna Honda Hospital, Primary Care Clinics, Community Mental Health Services and Community Substance Abuse Services. The proposed rates would be retroactive to 1999.

AUG 10 1999

SAN FRANCISCO  
PUBLIC LIBRARY

Attachment I, provided by the DPH, compares the FY 1998-99 patient rates with the proposed FY 1999-2000 patient rates. Following a cost analysis, local rate surveys, and a review of reimbursement rates, DPH has recommended rate increases for some services and has recommended the establishment of some new rates to ensure that the patient rates recover DPH costs. As shown in Attachment I, the proposed rate changes, as recommended by DPH, range from a 2% decrease to a 24% increase.

**Comments:**

1. According to Ms. Okubo, the Department's FY 1999-2000 budget includes \$28,257,792 in patient revenues from the proposed patient rates. Ms. Okubo states that DPH's FY 1999-2000 budget is based on the proposed patient rates contained in this ordinance.
2. Ms. Okubo states that the proposed patient rates (a) are consistent with the rates charged by other Bay Area health care institutions, (b) achieve consistency and (c) provide for the recovery of DPH costs.
3. Attachment II is a memorandum, provided by Ms. Okubo, explaining why this ordinance was not submitted to the Board of Supervisors prior to the approval of the DPH FY 1999-2000 budget.

**Recommendation:** Approve the proposed ordinance.

DEPARTMENT OF PUBLIC HEALTH  
PROPOSED PATIENT RATES  
FY 99-00

TYPE OF SERVICE	UNITS OF SERVICE	CURRENT	PROPOSED	PERCENT CHANGE
		RATE FY 98-99	RATE FY 99-00	
COMMUNITY HEALTH NETWORK				
San Francisco General Hospital				
Supplies & Drugs	Unit	Special Price List		
In-Patient Care				
Medical Surgical	Day	\$ 1,061	\$ 1,130	7%
Intensive Care	Day	2,509	2,500	4%
Coronary Care	Day	2,387	2,500	9%
Chest-Pulmonary	Day	2,427	2,500	7%
Stepdown Units	Day	1,536	1,700	4%
Pediatrics	Day	1,061	1,130	7%
Obstetrics	Day	1,061	1,130	7%
Nursery				
New Born	Day	844	750	16%
Observation/Well Baby	Day	1,061	1,130	7%
Semi-intensive Care	Day	1,455	1,700	17%
Intensive Care	Day	2,103	2,500	24%
Labor/Delivery - 6G	Day	1,061	1,130	7%
Labor/Delivery Hours of Stay	Hour	61	65	7%
Psychiatric Inpatient	Day	1,101	1,130	3%
Psychiatric Forensic Inpatient - 7L	Day	1,101	1,130	3%
AIDS Unit - 5A	Day	1,061	1,130	7%
Security Unit - 7D	Day	1,061	1,130	7%
Skilled Nursing Facility	Day	453	450	-2%
Mental Health Rehab. SNF	Day	453	450	-2%
Surgical Services				
Minor Surgery Pre-Op Holding Room	Room	137	137	0%
Minor Surgery I (Come & Go)	1/4 Hour	195	195	0%
	1/2 Hour	388	388	0%
	3/4 Hour	533	533	0%
	Full 1 Hour	773	776	0%
	Est. Add'l 1/4 Hr.	195	195	0%
Minor Surgery II	1st Hour	842	842	0%
	Est. Add'l 1/2 Hr.	420	420	0%
Major Surgery Pre-Op Holding	Room	137	137	0%
Major Surgery I	1st Hour	1,254	1,254	0%

DEPARTMENT OF PUBLIC HEALTH  
PROPOSED PATIENT RATES  
FY 99-00

TYPE OF SERVICE	UNITS OF SERVICE	CURRENT RATE FY 98-99	PROPOSED RATE FY 99-00	PERCENT CHANGE
Major Surgery II	Adm 1/2 Hour	438	438	0%
	1st Hour	1,418	1,418	0%
Major Surgery III	Adm 1/2 Hour	452	452	0%
	1st Hour	1,577	1,577	0%
Extraordinary Surgery	Adm 1/2 Hour	523	523	0%
	1st Hour	1,779	1,779	0%
Surgery (2 Teams)	Adm 1/2 Hour	547	547	0%
	Procedure	2,465	2,465	0%
Surgery (3 Teams)	Adm 1/2 Hour	828	828	0%
	Procedure	3,198	3,198	0%
Recovery Room	Adm 1/2 Hour	1,078	1,078	0%
	1st Hour	485	485	0%
	2nd Adm Hour	118	118	0%
Anesthesia	3rd Adm Hour	73	73	0%
	First 1/2 Hour	385	385	0%
	Adm Minute	12	12	0%
Argon Laser Treatment	Procedure	1,272	1,272	0%
Therapeutic Abortion	Procedure	210	210	0%
Emergency Clinic				
Level I	Room	77	77	0%
Level II	Room	105	105	0%
Level III	Room	103	103	0%
Level IV	Room	245	245	0%
Level V	Room	559	559	0%
Level VI	Room	1,323	1,323	0%
Non-Critical Observation	0-2 Hours	77	77	0%
	2-4 Hours	224	224	0%
	4-8 Hours	384	384	0%
Critical Observation	0-2 Hours	224	224	0%
	2-4 Hours	447	447	0%
	4-8 Hours	664	664	0%
Resuscitation		1,323	1,323	0%
General Clinic				
Initial				
Brief Exam	Visit	70	70	0%
Initial Intermediate	Visit	119	119	0%
Initial Extended Exam	Visit	-	135	-

DEPARTMENT OF PUBLIC HEALTH  
PROPOSED PATIENT RATES  
FY 99-00

<u>TYPE OF SERVICE</u>	<u>UNITS OF SERVICE</u>	<u>CURRENT RATE</u> FY 98-99	<u>PROPOSED RATE</u> FY 99-00	<u>PERCENT CHANGE</u>
Initial Comprehensive	Visit	247	247	0%
Targeted Case Management	Visit	135	135	0%
Established Patient				
Brief Exam	Visit	46	46	0%
Intermediate	Visit	70	70	0%
Comprehensive	Visit	166	166	0%
Consultation				
Initial Limited Consult	Visit	-	87	-
Initial Intermediate Consult	Visit	-	101	-
Initial Expanded Consult	Visit	-	103	-
Initial Comprehensive Consult	Visit	-	126	-
Initial Complex Consult	Visit	-	201	-
Use of Exam Room	Room	34	34	0%
<u>Primary Care</u>				
Initial				
Comprehensive Exam	Visit	184	184	0%
Extended Exam	Visit	130	130	0%
Intermediate Exam	Visit	100	100	0%
Limited Exam	Visit	68	68	0%
Targeted Case Management	Visit	142	142	0%
Established Patient				
Comprehensive Exam	Visit	157	157	0%
Extended Exam	Visit	78	78	0%
Intermediate Exam	Visit	52	52	0%
Limited Exam	Visit	37	37	0%

DEPARTMENT OF PUBLIC HEALTH  
PROPOSED PATIENT RATES  
FY 99-00

TYPE OF SERVICE	UNITS OF SERVICE	CURRENT	PROPOSED	PERCENT CHANGE
		RY 98-99	RY 99-00	
Dental Services				
Initial Complete Exam	Visit	37	37	0%
Periodic Exam	Visit	37	37	0%
Prophylaxis - Adult	Visit	52	52	0%
Prophylaxis - Child	Visit	47	47	0%
Extract Single Tooth	Visit	74	74	0%
One Surface, Permanent Tooth	Visit	88	88	0%
Home Health Services				
Skilled Nursing	Visit	147	147	0%
Home Health Aide Services	Visit	79	79	0%
Medical Social Services	Visit	203	203	0%
Physical Therapy	Visit	141	141	0%
Occupational Therapy	Visit	141	141	0%
Speech Therapy	Visit	145	145	0%
Laguna Honda Hospital				
Regular Hospital Rates				
Acute	Day	375	375	0%
Rehabilitation	Day	375	375	0%
Skilled Nursing Facility	Day	300	300	0%
All Inclusive Rates				
Acute	Per Diem	1,100	1,100	0%
Rehabilitation	Per Diem	1,100	1,100	0%
Skilled Nursing Facility	Day	350	350	0%

DEPARTMENT OF PUBLIC HEALTH  
PROPOSED PATIENT RATES  
FY 99-00

TYPE OF SERVICE	UNITS OF SERVICE	CURRENT RATE FY 98-99	PROPOSED RATE FY 99-00	PERCENT CHANGE
<b>POPULATION HEALTH &amp; PREVENTION</b>				
<u>Community Mental Health Services</u>				
24-Hour Service				
Inpatient	24 Hours	850	850	0%
Skilled Nursing	24 Hours	415	415	0%
Crisis Residential	24 Hours	250	250	0%
Residential	24 Hours	125	125	0%
Day Services				
Rehabilitation	Full Day	110	110	0%
Intensive	Full Day	190	190	0%
Intensive (childrent)	Half Day	200	200	0%
Crisis Socialization	Hour	50	50	0%
Crisis Stabilization	Hour	80	80	0%
Socialization	Hour	30	30	0%
Outpatient Services				
Case Management Brokerage	Hour	80	80	0%
Mental Health Services	Hour	150	150	0%
Medication Support	Half Hour	120	120	0%
Crisis Intervention	Hour	375	375	0%
<u>Community Substance Abuse</u>				
Residential - Detoxification	24 Hours	84	84	0%
Residential - Basic	24 Hours	81	81	0%
Residential - Family	24 Hours	135	135	0%
Residential - Medical Support	24 Hours	200	200	0%
Recovery Home	24 Hours	70	70	0%
Therapeutic Community	24 Hours	80	80	0%
Custodial (Include Detox)	Per Contract	108	108	0%
Methadone Treatment	Hour	25	25	0%
Naltrexone Treatment	Per Contract	45	45	0%
Prevention/Intervention	Hour	50	50	0%
Day Care - Habilitative	Per Contract	108	108	0%
<u>Records and Statistics</u>				
Birth Record			Rates Per State of California	
Death Record			Rates Per State of California	
Permit - Disposition of Human Remains			Rates Per State of California	
Passport Application	Per Application	-	15	-

DEPARTMENT OF PUBLIC HEALTH  
PROPOSED PATIENT RATES  
FY 99-00

TYPE OF SERVICE	UNITS OF SERVICE	CURRENT RATE	PROPOSED RATE	PERCENT CHANGE
		FY 98-99	FY 99-00	
Passport Photo	Per 2 Photos	-	10	-
Out-of-County Certificate	Per Certificate	-	Market Rate + \$10	-
Certificate Embossing	Per Embossing	-	5	-
Death Certificate FAX Filing Fee - Mortuary (Under Contract)				
Per Reviewed Submission	Per Submission	-	3	-
Per Accepted Certificate	Per Certificate	-	7	-
Contract Change Order	Per Change Order		\$5	
National Adoption Resource Societies	Per Booklet	-	2	-
Letter of Non-Contagious Disease	Per Letter	-	7	-
Document / Certificate Will-Call	Per Document	-	5	-

## DEPARTMENT OF PUBLIC HEALTH

Electronic / Internet Transaction Fee	Per Transaction	-	5	-
Telephone / FAX Transaction Fee	Per Transaction	-	5	-
Expedited Delivery of Documents				
Regular Delivery - U.S. & International	Per Delivery	-	Market Rate + \$5	-
Same Day - Greater Bay Area	Per Delivery	-	Market Rate + \$5	-
Same Day - Other California	Per Delivery	-	Market Rate + \$10	-

Date: 7/22/99  
Sender: Anne Okubo  
To: Gabriel Cabrera  
Priority: Normal  
Subject: patient rates - timing  
Gabe

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The Dept of Public Health typically submits patient rates in July. Last year the ordinance was heard by the Finance Committee on August 12.

While this has been the practice in the past, it would be best if the Dept of Public Health revise its schedule for submitting patient rates to be more consistent with the budget process. I will recommend to DPH staff that patient rates be developed earlier in the fiscal year so that the ordinance is approved by the Board of Supervisors prior to the Board's consideration of the next fiscal year budget.

Anne Okubo



Item 2 - File 99-1392

**Department:** Department of Public Works (DPW)  
Department of Parking and Traffic (DPT)

**Item:** Ordinance authorizing the Department of Public Works (DPW) to accept a gift of \$550,000 from the City of San Francisco Western Addition Parking Corporation for the renovation of the Peace Plaza at the Japanese Cultural and Trade Center; approving the dissolution of the City of San Francisco Western Addition Parking Corporation and accepting the remaining assets and liabilities of said corporation; approving the transfer of said assets and liabilities to the Japantown Garage Parking Corporation; approving the form of lease of the Japantown Garage to the Japantown Garage Parking Corporation; ratifying previous actions taken in connection with the foregoing matters; and authorizing the taking of appropriate actions in connection therewith.

**Location:** The Japantown Cultural and Trade Center's Peace Plaza and Parking Garage Facilities

**Description:** The proposed ordinance would authorize the following actions:

- Authorization for DPW to accept a \$550,000 gift from the City of San Francisco Western Addition Parking Corporation (WAPC)
- Dissolution of the WAPC
- Funding of the City of San Francisco Japan Center Garage Corporation (JCGC) through the transfer of WAPC assets and liabilities to JCGC
- Authorization for the DPT to lease the Japan Center Parking Garage facilities to JCGC, and
- Ratification of previous matters and authorization of future related matters

The Japan Center Parking Garage facilities (hereinafter, the "Garage") is comprised of two parking structures that accommodate a total of 850 vehicles. According to Mr. David Sanchez, Deputy City Attorney, the Garage is owned by the City and leased by WAPC through a leasehold interest. Mr. Sanchez also reports that under the provisions in the proposed ordinance, the Garage will continue to be owned by the City though now leased by JCGC instead of WAPC.

Attachments 1 and 2, provided by DPT, explain the background facts associated with the Garage. According to DPT, the proposed ordinance is in the best interests of the City because it favorably positions the City and DPT to meet future anticipated debt service obligations related to a new parking garage development, called the Jazz Garage, which will accommodate 466 vehicles. However, to accomplish this end, according to DPT, WAPC, the current nonprofit corporation, must be dissolved to release the Gross Receipt Tax<sup>1</sup> obligation and restructure the management lease to direct 85% of the Garage's income to the City.

According to DPT, under the existing WAPC lease, DPT must pay the Garage's Gross Receipts Tax to the Tax Collector since the Garage was previously financed through a bond issue, even though those bonds have since been fully paid and retired. Moreover, the nonprofit corporation, WAPC, currently retains 100% of the income and gives surplus funds to the City, as and when their Board deems it appropriate. Traditionally, nonprofit corporations, like WAPC, which were used to finance parking garages, gives surplus funds derived from the garage's income to the City if and when those monies were no longer needed for debt service or for capital improvements or alterations, according to Mr. Ron Szeto, Deputy Director, of the DPT.

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<sup>1</sup> The Gross Receipts Tax must be paid by nonprofit garages that issue bonds. Currently the Gross Receipts Tax for nonprofit garages is set at 25 percent of gross receipts.

Attachment 3, provided by DPT, outlines the current budget for WAPC and the proposed budget for JCGC as well as the fiscal impact to City departments affected by the proposed ordinance. As reported by DPT, the benefits to their department are the release of the departmental obligation to pay the Gross Receipts Tax on behalf of WAPC. Additionally, the City and DPT will have access to 85% of the income under the proposed lease agreement with JCGC, the new nonprofit corporation. Moreover, since JCGC will not be issuing bonds, that new entity will not have any Gross Receipts Tax liability, according to DPT. Section 1004.16 of the Administrative Code defines when such nonprofit corporations are subject to Gross Receipts Tax.<sup>2</sup>

According to Mr. Szeto, of the DPT, the ultimate goal of this organizational and financial restructuring is to position the City and DPT to adequately cover future, projected debt service obligations for the new Jazz Garage, which are estimated to be between \$1.1 and \$1.2 million annually. Mr. Szeto reports that such costs would be funded by the \$437,717 that would become available if the Gross Receipts Tax obligation no longer has to be paid by DPT, new income derived from the JCGC lease of \$627,938 and projected operating income from the new Jazz Garage of \$68,938, for a total of \$1,134,593. Mr. Szeto also reports that the cost and financing plan details for the new Jazz Garage development are yet to be finalized and submitted for Board of Supervisors approval.

The following Gift and Lease actions of the proposed ordinance are outlined below.

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<sup>2</sup> According to Mr. Szeto, JCGC will be exempt from the Gross Receipts Tax just as the Ellis-O'Farrell Parking Corporation, a nonprofit corporation, is currently exempt.

## GIFT

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**Gift Amount:** \$550,000

**Description:** Prior to the dissolution of the Western Addition Parking Corporation (WAPC), WAPC will gift \$550,000 in cash to DPW for the renovation of the Peace Plaza at the Japanese Cultural and Trade Center. According to Mr. Szeto, the gift proceeds represent a portion of WAPC's equity and will be specifically appropriated by DPW for waterproofing. The Peace Plaza is a hardscape plaza<sup>3</sup> located on top of the Garage and the waterproofing will directly benefit the Garage. The proposed resolution would authorize the DPW to accept a gift of \$550,000.

## LEASE

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**Purpose of Lease:** Management of Japan Center Parking Garage Facilities

**Lessor:** City and County of San Francisco

**Lessee:** City of San Francisco Japan Center Garage Corporation, a nonprofit corporation

**No. of Sq. Ft.:** The Garage contains 289,567 square feet and accommodates 850 vehicles.

**Annual Rent Payable By JGPC to the City:** \$1.00 over the term of the lease; plus, 85 percent of net revenues (meaning gross revenues minus parking taxes and operating expenses). Attachment 3, provided by DPT, further explains the proceeds projected for the City as well as how both the Tax Collector and DPT will be affected by the proposed ordinance.

According to DPT, the projected annual proceeds under the JCGC lease is estimated net revenue (income participation) of \$627,938 (for the current year) by the City. See Attachment 3 for further details.

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<sup>3</sup> Hardscape plaza is the term used to describe a park area with hard surface landscaping, as opposed to parks, which have tree and garden landscaping.

**Utilities and**

**Janitorial Services:** According to Mr. Szeto, as with other nonprofit corporations involved in City garage management, all costs for utilities and janitorial services would be approved annually by the Controller and DPT and are the responsibility of the Lessee.

**Term of Lease:** The lease term is 40 years, though the City can terminate the lease with cause at any time. After five years, the City can terminate the lease with or without cause.

**Right of Renewal:** None.

**Description:** The proposed resolution would authorize the Department of Parking and Traffic to enter into a lease, without using a competitive bid process, with the City of San Francisco Japan Center Garage Corporation (JCGC), a nonprofit corporation, to manage the Japan Center Parking Garage facilities located at 1660 Geary Boulevard and 1680 Fillmore Street. According to Section 17.11 of the Administrative Code, the Parking and Traffic Commission can lease a parking facility, without a competitive process, to a nonprofit corporation for the purpose of facilitating the financing of a parking facility, as authorized and approved by the Board of Supervisors.

Also consistent with Section 17.11, JCGC would contract with a parking operator following a Bid/RFP process in accordance with the lease agreement. JCGC must employ a professional parking operator with a staff experienced in the management and operation of public parking facilities and such operator shall be subject to approval by both the Parking and Traffic Commission and the Board of Supervisors in accordance to Section 17.11 of the Administrative Code, which was amended in April 26, 1999 to allow for a Bid/RFP process instead of a competitive bid process (File No. 98-1935), according to Mr. Szeto.

DPT reports in Attachment 2 that it believes that it is in the City's best interest to have a lease agreement, without using a competitive bid process, for the management of the Garage to facilitate continued involvement by neighborhood residents and local merchants. According to Mr. Szeto, having neighborhood involvement on the JCGC Board of Directors is helpful in maintaining a successful community garage for the Japantown neighborhood. See Attachment 2 for further explanation from DPT.

Under the terms of the lease, the Controller and the Parking and Traffic Commission have review and approval authority for the annual budget of the Garage.

**Comments:**

1. According to Mr. Szeto, the \$550,000 gift from WAPC will be used to fund necessary waterproofing and will be but a part of the larger renovation currently already underway at the Peace Plaza. According to Ms. Tina Olson, Financial Manager, of DPW, the budgeted cost of the renovation is \$2,055,648 million of which \$550,000 is coming from the WAPC gift, \$600,000 from the San Francisco Redevelopment Agency, \$350,000 from the General Fund through the Department of Recreation & Parks' FY 1999-2000 budget, \$405,648 from Open Space monies (of which \$200,000 is from previous years' budgets and \$205,648 is from the FY 1999-2000 budget) and \$150,000 from private, community sources.

2. Attachment 2, provided by DPT, explains (a) the purpose of the WAPC dissolution; (b) the benefits to the City for dissolving WAPC and establishing JCGC; and, (c) the reasons why the City should award this lease to JCGC without the use of competitive bidding procedures. The Attachment states that the primary benefit of the ordinance is to financially restructure the obligations and rights of the City, DPT and the nonprofit corporation leasing the Garage. However, the principal benefit in doing so is the City's debt service capacity for a future, proposed garage facility, called the Jazz Garage, which is still in the design and development stages.

3. Attachment 3, provided by DPT, illustrates that DPT will be a beneficiary of the proposed ordinance through the release of the department's annual Gross Receipts Tax obligation of \$437,717 payable to the Tax Collector on behalf of WAPC and the creation of rental revenue or income rights of \$627,938 (for the current year) under the lease agreement. The fiscal impact on the City's General Fund, however, is negative, as the General Fund will incur a reduction in Gross Receipts Tax of at least \$437,717 annually. See Attachment 3 for further details.

4. Mr. Szeto reports that the expected decrease of \$437,717 in Gross Receipts Taxes may be mitigated by a future increase in Parking Taxes if the Jazz Garage is successfully developed. However, the Jazz Garage development is still contingent on financing and the development negotiations, which are yet to be completed and approved by the Board of Supervisors. See Attachments 2 and 3 for further details.

5. According to Mr. Szeto, the management lease will be signed with JCGC, the successor, non-profit public benefit corporation, without the use of a competitive bid process because it is consistent with Section 17.11 of the Administrative Code and because DPT has determined that it is in the best interest of the City to do so since having a lease with JCGC will further demonstrate DPT's commitment to community involvement in the management of the Garage and the selection of a compatible parking operator. Mr. Szeto also reports that the parking garage operator will be selected through a Bid/RFP process as permitted in Section 17.11 of the Administrative Code, and the operator agreement will be submitted for Board of Supervisors approval, by resolution.

6. Mr. Keith Grand, Risk Manager for the City, has reviewed the level of insurance coverage and deductibles in the proposed lease and has recommended increasing coverage deductibles for both property and boiler and machinery insurance, which will have expected savings of 10% of the premium costs for those policies.

7. According to Mr. Joe Matranga, Financial Analyst with the Controller's Office, the rent or net revenue provisions associated with the proposed lease are comparable with the City's other nonprofit garage leases. Mr. Matranga also reports that the Controller and the DPT has, and will continue to have, complete fiscal oversight and approval authority for all financial matters pertaining to Garage operations.

8. Mr. Szeto concurs with the Budget Analyst that the proposed ordinance should be amended to reflect that both: (a) the assets and liabilities will be transferred to; and, (b) the lease will be signed with the Japan Center Garage Corporation, not the Japantown Garage Parking Corporation.

9. According to Ms. Lori Giorgi, Deputy City Attorney, receipts derived from the Garage will go to the Off-Street Parking Fund and after all accountings are paid under the Off-Street Parking Fund, any excess revenues go to the Parking Transit Fund.

10. The proposed ordinance would result in annual financial benefits to the Off-Street Parking Fund of \$627,938 from Garage income and \$437,717 from the release of DPT's obligation to pay the Gross Receipts Tax for WAPC. The proposed ordinance would also result in reduced revenue to the General Fund of \$437,717 annually.

- Recommendations:**
1. Amend the proposed ordinance to replace all references to the Japantown Garage Parking Corporation with the Japan Center Garage Corporation.
  2. Approval of the proposed resolution is a policy matter for the Board of Supervisors.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

## ATTACHMENT 1

The Japan Center project, bounded by Post, Laguna, Geary and Fillmore (intersected by Webster), started as a redevelopment project in the early 1960's. The Redevelopment Agency agreed to sell the site to a private developer, National Braemar, Inc., for development as a Japanese cultural and trade center. In 1965, negotiations were concluded between the Redevelopment Agency, National Braemar, and the City for the development of the Center. National Braemar agreed to construct a privately owned commercial complex devoted to Japanese cultural and trade uses above the garage. The garage was to be separately financed and constructed by a nonprofit corporation. The garage, land and improvements would be given to the City subject to a 50-year lease to secure the corporation's repayment of the costs of acquisition and construction of the garage.

On April 1, 1965, the City entered into a 50-year lease with the Western Addition Parking Corporation ("Western") to aid and assist the City for the acquisition of the demise premises and the construction of the Japan Center Garages (the "Garage") on said premises. Under the lease, Western agreed to finance the costs of acquisition of the demised premises and the construction of the Garage with the costs to be repaid out of revenues derived from the operations of the Garage. Under this arrangement, Western also retains 100% of net income for future Garage capital improvements, such as lighting retrofit and replacement of parking equipment.

Western financed the cost of the Garage construction from the sales of prior lien bonds (\$3,000,000) and subordinate bonds (\$673,000). From the 1960's through the 1980's, the Garage revenues were insufficient to cover the operating costs of the Garage and the debt service due on the bonds. As part of the agreement to the bondholders, Western received advances from the City (\$382,552) and National Braemar (\$647,148) to meet its financial obligations. During this period, the City imposed a new gross receipt tax. Under the lease, the City was contractually obligated to pay any new tax imposed on Western and under this obligation, the annual gross receipt tax was passed to the City for payment.

**ATTACHMENT 2**  
**(Page 1 of 2)**

**FUTURE GARAGE DEVELOPMENT & THE JAPAN CENTER GARAGE**

In 1995, the Redevelopment Agency approached the Parking Authority and the Western Addition Parking Corporation to discuss the proposed entertainment complex that includes a 466-space garage, a jazz super club, and a multi-screen theatre complex located on Fillmore and Eddy Streets. This proposed revitalization project is as important to this neighborhood today as the Japanese cultural and trade center development was to Japantown in the 1960's. Benefits generated from this proposed project would include increase visitors to neighborhood and increase commerce for local merchants.

At the beginning of this proposed revitalization project, the Department of Parking and Traffic supported the efforts of Western Addition Parking Corporation ("Western") to finance the acquisition of the proposed garage component. Subsequently, the Department and the City concluded that the best interest of the City would be served if the Parking Authority directly undertook to finance the garage component of the project.

Since the projected operating income for the proposed garage was minimal and insufficient to cover the annual debt service, approximately \$1.1 to \$1.2 million, the Parking Authority began looking at alternative sources of revenues to fill the gap. The Parking Authority identified the Japan Center Garage (the "Garage") revenues as the source that did not impact the General Fund. Under the lease with the Western, the corporation retained 100% of the income or approximately \$700,000 annually from the operations of the Garage. The corporation uses these retained funds for future Garage capital improvement projects, such as, lighting retrofit and replacement of parking equipment. Moreover, under the lease, our department was contractually obligated to pay for the gross receipts tax, approximately \$450,000 annually, for the Garage.

At this point, we decided that the best interest of the City was to terminate the lease with Western. The termination would allow the Parking Authority to capture the Garage's income and to relieve our Department of the gross receipt tax obligations. Gross receipt taxes are assessed on non-profit parking corporations that issued bonds to construct a parking garage. The new non-profit corporation would not be subjected to this tax. During this process, Japantown community leaders expressed their concerns with terminating the lease. They wanted to maintain their commitment to the community, without any personal financial benefits, by serving on the Board of Directors that oversees the Garage. Understanding the importance of the Garage to the local merchants, residents and visitors, they wanted direct involvement with the operations of the Garage and the selection of the professional parking operator. Based on this assessment, DPT believes that a sole-source contract with JCGC is in the best interest of the City.

**ATTACHMENT 2**  
**(Page 2 of 2)**

**GIFT FUNDS**

Also, the community wanted to improve the Peace Plaza, which has been delayed for many years due to insufficient funding. The Western offered a \$550,000 gift to the Department of Public Works to increase the funds for the Peace Plaza Renovation Project. This gift will have direct and indirect benefits to the Garage and the community. For years, the Garage has experienced water leakage problems. This gift would allow DPW to incorporate a superior water-proof material that would keep water from penetrating the concrete slabs into the Garage. Renovation of the Japantown Peace Plaza would increase the number of visitors to the community and thus generate more Garage revenues. The remaining capital funds balance of approximately \$200,000, at this time, would be sufficient to meet any capital projects in the near future.

**FISCAL IMPACT**

The financial benefits of dissolving Western are \$437,717 of tax savings and \$627,938 (85% of \$738,750) of new income for our Department. The 15% of net income that the new corporation would retain would be use for improvements to the Garage. If approved, the Parking Authority will use the tax savings of \$437,717, new income to the Department of \$627,938, and any operating income from the proposed new garage projected to be \$68,938 (for a total of \$1,134,593) to offset any debt service (projected to be \$1.1 to \$1.2 million) for the proposed Jazz Garage.

**SUMMARY & STATUS OF NEGOTIATIONS FOR JAZZ GARAGE**

The primary benefit of the ordinance is to financially restructure the obligations and rights of the City, DPT and the nonprofit corporation leasing the Garage. And, due to the above financial reasons and the sensitivity towards the community's concerns, the Parking Authority Commission approved a Resolution, which urges the Board of Supervisors to accept the gift, enter into a lease with the Japan Center Garage Corporation (the "Corporation"), and the transfer all assets and liabilities from the Western Addition Parking Corporation to the Japan Center Garage Corporation. We are currently negotiating a purchase price with the developer for the garage component of the proposed entertainment project. We will submit our proposed bond document to the Board of Supervisors for approval of bond issuance and the appropriation of funds when we agree on a purchase price with the developer.

## ATTACHMENT 3

	WAPC 1999-2000 Approved Budget	JCGC 1999-2000 Proposed Budget	Jazz Garage Projected Budget ^	JCGC & Jazz Garage Combined ^	Difference Between JCGC & Jazz Garage Combined to WAPC
<b>REVENUE</b>					
Parking Tax	\$ 2,162,959	\$ 2,162,959	\$ 898,861	\$ 3,061,820	\$ 898,861
Gross Receipt Tax	(432,592)	(432,592)	(179,772)	(612,364)	(179,772)
Net Parking Revenue	1,730,367	1,730,367	719,089	2,449,456	719,089
Other Income	20,500	20,500		20,500	-
<b>EXPENSES</b>					
Garage Operations	(1,023,017)	(1,023,017)	(650,151)	(1,673,168)	(650,151)
<b>OPERATING INCOME</b>	727,850	727,850	68,938	796,788	68,938
Non-Garage Income & Expenses	10,900	10,900		10,900	-
<b>GRAND TOTAL INCOME</b>	738,750	738,750	68,938	807,688	68,938
<b>NONPROFIT CORPORATION RETAINED INCOME / (LOSS)</b>	738,750	110,812	10,341	121,153	(617,597)
<b>CITY/DEPARTMENT INCOME/(LOSS)</b>					
DPT - Gross Receipts Obligation	(437,717)	-	-	-	437,717
DPT - Garage Income	-	627,938	58,597	686,535	686,535
Subtotal DPT	(437,717)	627,938	58,597	686,535	1,124,252
Tax Collector - Parking Tax	432,592	432,592	179,772	612,364	179,772
Tax Collector - Gross Receipts Tax	437,717	-	-	-	(437,717)
Subtotal Tax Collector	870,309	432,592	179,772	612,364	(257,945)
<b>TOTAL CITY DEPT. INCOME/(LOSS)</b>	432,592	1,060,530	238,369	1,298,899	866,307

## NOTES:

^ Excludes debt service costs.

Jazz Garage Projected Grand Total Income may be 100% available to DPT. This illustration shows a 15% retained earnings, which is consistent with nonprofit garage lease agreement provisions.

Parking Taxes are 25% of Parking Fees.

Gross Receipts Taxes are 25% of Parking Revenues after Parking Taxes.

Item 3 – File 99-1423

**Department:** Airport

**Item:** Resolution accepting a gift, valued at \$150,000 by the Airport, from Parsons Infrastructure and Technology Group, Inc. to provide construction management services for the construction of the Airport's Aviation Library, Archive and Museum in the new International Terminal at the San Francisco International Airport.

**Description:** In October of 1991 the Airport Commission authorized the establishment of an Aviation Library, Archive and Museum ("the Museum") in the new International Terminal at the San Francisco International Airport. The Museum consists of 11,000 square feet of space located in the southeast corner of the International Terminal with an entrance on the third level of the Terminal and a mezzanine that extends to the fourth level. The Museum is designed to reflect the Mediterranean ambience of the 1937 Administration Building Passenger Waiting Area that no longer exists and will house a collection of aviation and Airport memorabilia, documents, and airplane models, focusing on commercial aviation with an emphasis on the Pacific Region and San Francisco International Airport. The Museum is scheduled to open in Summer of 2000, when the new International Terminal opens.

Parsons Infrastructure and Technology Group, Inc. currently serves as the Program Manager for the Airport's \$2.4 billion Master Plan, which includes the new International Terminal, an Airport Rail Transit system, the BART Airport extension, a new rental car facility, and three new parking garages for passenger and employee use. As Program Manager, Parsons Infrastructure and Technology Group, under the supervision of the Deputy Airport Director, oversees and directs the various construction managers who are managing Airport construction projects that are part of the Airport Master Plan.

Since its inception in 1944, Parsons has been involved in construction, project, and program management, and the

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

planning and design of airport capital programs valued at \$120 billion in more than 300 airports in 34 countries. Parsons wishes to donate its construction management services for the Aviation Library, Archive and Museum project which is part of the new International Terminal.

Approval of this resolution would authorize the Airport to accept a gift from Parsons Infrastructure and Technology Group, Inc. (Parsons), to provide pro bono construction management services of \$150,000, as valued by the Airport, to oversee and direct the construction of the Airport's Aviation Library, Archive and Museum.

**Comments:**

1. According to Mr. Tom Kardos, Deputy Airport Director, the design for the Museum, which is being provided by the firm of Fong and Chan Architects, is expected to be completed within the next two weeks. The contract for construction of the Museum is expected to go out for competitive bid in 4 to 6 weeks. Parsons will not be a bidder on the Museum construction contract. Construction of the Museum is scheduled to begin in the fourth quarter of 1999.

2. Mr. Kardos states that the estimated cost of the construction of the Aviation Library, Archive and Museum is \$3.5 million, and that funds have been budgeted in the FY 1999-00 Airport Capital Improvement Program budget.

3. Mr. Kardos advises that construction management costs for comparable projects, based on historic industry figures, range from four percent to six percent of the construction value. Therefore, the estimated construction management costs for the Museum could range between \$140,000 to \$210,000. The basis of the value of this \$150,000 gift of services, as estimated by the Airport, is shown in the Attachment provided by the Airport. According to Mr. Kardos, the \$150,000 value of the proposed gift is an estimate of the value of the construction management services to be provided for the museum project.

4. Parsons' construction management services consist of assigning dedicated personnel from Parsons to oversee

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

and direct the construction of the Museum. According to Ms. Mara Rosales of the City Attorney's Office, the Airport would enter into a construction management services contract for the purpose of ensuring (a) that Parsons meets the same standard of professional services required for all construction management services, (b) that Parsons is committed to completing the project, and (c) to provide a clearly defined scope of work to be performed by Parsons to enable the Airport to coordinate the work performed by others. Under that contract, the Airport will pay Parsons \$1.00 as consideration for entering into the contract.

5. Mr. Kardos states that Parsons is donating the construction management services for the Museum project to reaffirm Parsons' commitment to the aviation industry and to thank the City for the opportunity to serve as Program Manager for the Airport's Master Plan.

According to Mr. Kardos, Parsons decided to donate its services of an estimated \$150,000 subsequent to the Airport's award of a contract for Parsons to serve as a Program Manager for the Airport Master Plan. Mr. Kardos advises that the contract award amount to Parsons to serve as Program Manager for the Airport Master Plan is approximately \$4,580,000.

**Recommendation:** Approve the proposed resolution

TO: Severin Campell  
Budget Analyst's Office  
Fax: (415) 252-0461

FROM: Tom Kardos  
Deputy Airport Director, S.F.I.A.  
Phone: (650) 737-7829

SUBJECT: Gift of Construction Management Services

DATE: July 27, 1999 — Total: 2 pages (Page 2 revised 7/29/99)

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Following up on your request, here is a summary of the telephone conversation you had with Jason Yuen this afternoon, in which Jason explained the nature of construction management (CM) services and the basis for estimating the value of the gift from Parsons, as well as the significance of the \$150,000 amount.

There are basically four parties to a typical construction project: 1) the Owner — the City of S.F. in this case; 2) the designer — the architect or engineer; 3) the contractor — the company who does the physical work; and 4) the construction manager — who monitors and coordinates the contractor's work.

The designer's services can be procured with a lump-sum fee contract. The contractor's price is usually a lump-sum bid. But the construction manager is always (I know of no exception) retained on an hourly basis. Every CM contract at the Airport, for example, is awarded on a time and material basis with no cap. Funds for these contracts are added or deleted as the Airport Commission sees fit.

The reason for this is simple: CM services are provided on an as-needed basis. How much work is required depends greatly on the directions of the owner, the performance of the contractor, the site conditions, and even acts of God. There is no way the owner nor the construction manager can predict what CM services will cost to complete a project, other than a general idea what the historic costs are for similar projects.

Attachment

Page 2 of 2

The \$150,000 value for Parson's gift, therefore, is a "guesstimate" based on our professional judgment and relying on statistics from other similar projects. (You have the Airport Commission agenda memo explaining how we decided on that number.) The \$150,000 number is of no significance other than to provide an indication of the general size of the gift — i.e., it is not a small gift of \$50, and it is not a very large gift of \$1-million.

Parsons will perform construction management services to complete the Airport's Aviation Library, Archive, and Museum. For \$1, they will provide construction schedulers, cost estimators, construction inspectors, and other professionals to monitor, coordinate, and expedite the construction work, and to report progress to the Airport, as well as assisting the Airport in resolving construction problems for the project — all at the direction of the Airport.

If you have any questions, please call me at (650) 737-7829, or Jason Yuen at (650) 737-7700.

cc: Jason Yuen



Item 4 – File 99-1452

**Department:** Police Department (SFPD)  
Department of Real Estate (DRE)

**Item:** Resolution authorizing a new lease of real property at 30 Van Ness Avenue for the San Francisco Police Department.

**Location:** 30 Van Ness Avenue, 2<sup>nd</sup> Floor

30 Van Ness Avenue is independent from other SFPD facilities, which is an important consideration for the SFPD because according to the SFPD, the department needs a secure off-site facility for promotional exam development in light of the recent court case arising out of the leaking of a promotional exam.<sup>1</sup>

**Purpose of Lease:** Presently the San Francisco Police Department's (SFPD) Exam Unit rents space at local hotels and meeting facilities during the development of department exams. As explained in Attachment 1, Captain Alex Fagan, Commanding Officer, of the SFPD's Fiscal Division, the proposed lease would allow the SFPD to fully secure the development of all anticipated SFPD exams at the 30 Van Ness Avenue location while saving money.

**Lessor:** Herbst Foundation, a non-profit organization

**Lessee:** The City and County of San Francisco

**No. of Sq. Ft. and Rent Per Month:** The proposed space at 30 Van Ness Avenue consists of approximately 1,563 square feet of office and examination space at approximately \$1.83 per square foot per month for a total of \$2,865.50 per month for five years.

**Annual Cost:** \$34,386 per year, for five years.

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<sup>1</sup> According to the SFPD, the presiding judge in the court case severely chastised the SFPD for failing to conduct the test development in a secure and independent facility.

**Utilities and Janitor  
Provided by Lessor:**

According to Mr. Charlie Dunn, Principal Real Property Officer, of the DRE, the landlord pays utility, janitorial and security service expenses. Utility and service cost increases, from the 1999 base year, are however passed on to the City.

**Term of Lease:**

The proposed lease would commence upon approval of the Board of Supervisors and would expire five years thereafter. According to Mr. Dunn, of the DRE, 30 Van Ness Avenue is currently over 50 percent occupied by other City departments. The proposed lease does not have expansion rights, nor is expansion expected to be necessary for the SFPD Exam Unit, according to Mr. Dunn.

**Right of Renewal:**

The City would have the option to extend the lease for up to two three-year periods on the same terms and conditions at a rental rate increased by the CPI.

**Source of Funds:**

100% General Fund which was included in the SFPD's FY 1999-2000 budget, according to the SFPD. Such funds were budgeted for short-term rentals used during examination development and will now be used for the lease of real property at 30 Van Ness Avenue.

**Description:**

Captain Fagan, of the SFPD, advises that the proposed lease would provide space for the SFPD Exam Unit to temporarily relocate two existing employees, who facilitate the test development process, during test development sessions throughout the year. During the development of a test up to 19 people would be using the facility.

Captain Fagan states that the proposed space will be able to accommodate all existing and projected exam development needs for the next five years, which are currently preformed at the Hall of Justice and at rented facilities throughout the City. Attachment 2, provided by Captain Fagan of the SFPD, details the projected fiscal impact that the new lease will have on the City.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

**Comments:**

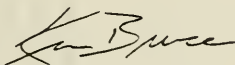
1. As shown in the Attachment 2, provided by the SFPD, the proposed lease will result in \$33,559 of expected savings in FY 1999-2000 due to the lower lease cost for the proposed leased site at 30 Van Ness as compared to current rental rates at meeting facilities throughout the City (e.g. at Holiday Inn).

2. According to Captain Fagan, the SFPD Exam Unit employees, which are currently located at the Hall of Justice, will need to continue to work out of the Hall of Justice except during the development of specific exams which require the security of an independent site. Therefore, no reduction in office space is expected at the Hall of Justice for the Exam Unit as a result of this new lease.

3. According to Mr. Dunn, of the DRE, the proposed rent represents fair market value.

4. Mr. Dunn advises that the Lessor will pay for leasehold improvements at an estimated cost of \$5,000 for paint and carpet cleaning and that the improvements are expected to be completed within approximately 30 days after approval of the proposed resolution. Mr. Dunn also reports that the building meets American with Disabilities Act requirements.

**Recommendation:** Approve the proposed resolution.

  
for Harvey M. Rose

cc: Supervisor Yee  
President Ammiano  
Supervisor Bierman  
Supervisor Becerril  
Supervisor Brown  
Supervisor Katz

Supervisor Kaufman  
Supervisor Leno  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Clerk of the Board

Controller  
Legislative Analyst  
Matthew Hymel  
Stephen Kawa  
Ted Lakey

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



FRED H. LAU  
CHIEF OF POLICE

POLICE DEPARTMENT  
**CITY AND COUNTY OF SAN FRANCISCO**  
THOMAS J. CAHILL HALL OF JUSTICE  
850 BRYANT STREET  
SAN FRANCISCO, CALIFORNIA 94103

July 29, 1999

Todd Rydstrom  
Board of Supervisors Budget Analyst  
1390 Market Street, Suite 1025  
San Francisco, CA 94102

Dear Todd,

In order to ensure the integrity of the promotional examination process it is imperative that the development of the test is conducted in a secure environment. In the past the Department has rented conference rooms as well as use space at the Hall of Justice. The Department believes that leasing space at 30 Van Ness will provide the necessary security for the test development while saving tax dollars.

If you have any question please contact Andrés Acevedo at 553-1683

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Alex Fagan", with a long horizontal flourish extending to the right.

Alex Fagan  
Captain, Fiscal Division

San Francisco Police Department  
Exam Unit - Promotional Test Development  
Comparison of Off Site Rental Costs Vs. 30 Van Ness Rental

	FY 1997-98	FY 1998-99 **	FY 1999-00 ***	FY 2000-01 ****	FY 2001-02*****
Off Site *	\$13,564	\$47,080	\$67,945	\$52,430	\$93,625 *****
30 Van Ness			\$34,386	\$34,386	\$34,386
Savings			\$33,559	\$18,044	\$59,239

## Notes:

- \* Off Site costs based on a quoted conference room rental rate of \$500 per day as well as \$35 a day per room for equipment rental.
- \*\* Q60 Lieutenant test - est. 88 room days
- \*\*\* Q50 Sergeant test - est. 127 room days
- \*\*\*\* Q80 Captain test only - est. 98 room days
- \*\*\*\*\* Q50/Q35 Sergeant/Asst. Inspector test - est 175 room days
- \*\*\*\*\* Off Site estimates do not include any future increased costs in room or equipment rates.



0.254

11/99



City and County of San Francisco  
Meeting Minutes  
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

City Hall  
1 Dr. Carlton B.  
Goodlett Place  
San Francisco, CA  
94102-4689

Clerk: Mary Red

Wednesday, August 11, 1999

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

Meeting Convened

The meeting convened at 10:15 a.m.

DOCUMENTS DEPT

AUG 17 1999

REGULAR AGENDA

SAN FRANCISCO  
PUBLIC LIBRARY

991463 [1996-2000 Memorandum of Understanding, Transit Workers' Union Local 250-A]

Mayor

Ordinance implementing Amendment No. 3 to the 1996-2000 Memorandum of Understanding between the City and County of San Francisco and Transit Workers' Union Local 250-A for Classification 9163 and related trainee classifications.

(Fiscal impact.)

7/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Geoffrey Rothman, Employee Relations Division, Human Resources Department; Michael Burns, General Manager, Department of Public Transportation; Supervisor Ammiano; Supervisor Yee; Ray Antonio, Local 250-A; Larry Martin, Vice President Transport Workers Union.

RECOMMENDED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

991455 [Reserved Funds, Recreation and Park Department]

Hearing to consider release of reserved Funds, Recreation and Park Department (1992 Golden Gate Park Infrastructure Bond fund proceeds, Ordinance No. 368-97), in the amount of \$8,801,092, to fund award of contract for the construction of the West End Utilities, Golden Gate Park Infrastructure Improvement Project. (Recreation and Parks Department)

7/23/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Patrick Rivera, Department of Public Works; Supervisor Yee; Ed Harrington, Controller.

APPROVED AND FILED by the following vote:

Ayes: 3 - Yee, Bierman, Ammiano

**991482 [Planning Department Enforcement Program]****Supervisor Yee**

Hearing to consider the Planning Department's enforcement program, including how the enforcement program will be enhanced to vigorously enforce the Planning Code and terms of conditional use authorizations and how the positions that were approved in the FY 1999-2000 budget will be used to expand enforcement.

7/26/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Supervisor Yee; Mary Gallagher, City Planning Department; Harry Stern, Friends of Noe Valley; Eleanore Gerhardt, Friends of Noe Valley; Bernie Chodan; Arron Peskin, Telegraph Hill; Tracey Hughes, Roberta Caravelli, Christina Stout, Marina District; Lois Scott, Local 21; Supervisor Bierman, Supervisor Ammiano.*

**CONTINUED TO CALL OF THE CHAIR by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991488 [Permitting non-city workers (Polaries Research & Development, Inc.) to continue performing information booth services at S. F. International Airport because non-city workers can perform work at a lesser cost than City employees.]**

Resolution approving the Controller's certification that Airport information booth services at San Francisco International Airport can be practically performed by a private contractor at a lower cost than if work were performed by City employees at presently budgeted levels. (Airport Commission)

7/28/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Jon Ballestros, Airport*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991397 [Ballot Argument, Bond Measure, Laguna Honda Hospital]****Supervisor Ammiano**

Motion authorizing proponent's ballot argument in favor of Proposition A, a bond measure regarding Laguna Honda Hospital.

8/2/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst, Tangerine Brigham, Department of Public Health; Lloyd Schloegel; Emeric Kalman, Supervisor Bierman.*

**RECOMMENDED by the following vote:**

Ayes: 2 - Yee, Bierman

Absent: 1 - Ammiano

**991427 [Labor Dispute, KPFA]****Supervisors Yee, Bierman**

Resolution supporting the employees and listeners of KPFA in its fight for fair and impartial broadcasting.

7/19/99, RECEIVED AND ASSIGNED to Finance and Labor Committee

**CONTINUED TO CALL OF THE CHAIR by the following vote:**

Ayes: 2 - Yee, Bierman

Absent: 1 - Ammiano

**ADJOURNMENT**

*The meeting adjourned at 12:00 p.m.*

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CITY AND COUNTY



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**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

**DOCUMENTS DEPT.**

**AUG 12 1999**

August 6, 1999 **SAN FRANCISCO  
PUBLIC LIBRARY**

**TO:** Finance and Labor Committee

**FROM:** Budget Analyst

**SUBJECT:** August 11, 1999 Finance and Labor Committee Meeting

Item 1 - File 99-1463

**Departments:** Department of Human Resources  
Department of Public Transportation

**Item:** Ordinance implementing Amendment No. 3 to the 1996-2000 Memorandum of Understanding between the City and County of San Francisco and Transit Workers' Union Local 250-A for Classification 9163 and related Trainee classifications.

**Description:** The proposed ordinance would implement the third amendment to the Transit Workers' Union Local 250-A Memorandum of Understanding (MOU), in accordance with the contract re-opener provisions in the existing MOU. The current MOU extends from July 1, 1996 through June 30, 2000 and covers a total of approximately 2,000 Classification 9163, Muni Transit Operators, including Trainee Operators in the Department of Public Transportation. Attachment 1, provided by the Department of Human Resources, indicates the length of employment and the relative pay rates for the Trainee Operators versus the regular 9163 Transit Operators. The proposed amendment would cover the period from July 1, 1999 through June 30, 2000, when the overall MOU expires.

The proposed amendment would result in the following changes to the MOU:

Basic Wage Rates – The basic maximum wage rates would be increased by 5.5 percent from the current \$20.15 to \$21.26 per hour for 9163 Transit Operators and from the current \$12.70 to \$13.40 for the Trainee Operators, to be effective July 1, 1999.

Hours of Work for Part-time Operators – Part-time operators would not be scheduled to work more than: (a) 25 hours per week; (b) five hours per weekday; (c) eight hours per weekend day; or (d) four days per week, for part-time operators scheduled to work on both Saturdays and Sundays. In addition, part-time operators would not be scheduled for less than three and one-half hours of work on any given day.

The current provisions limit part-time operator work schedules to no more than five hours per day. Mr. Michael Burns, General Manager of the Department of Public Transportation reports that this provision should create longer term part-time employment opportunities for Transit Operators. In addition, this provision should improve the capability of Muni to expand weekend service at a lower cost by using such part-time Operators and thereby reducing the need for overtime for existing Transit Operators.

Muni Metro Runs – The new provisions require that not only the primary runs, but also the scheduled fall-backs of the runs, be stated on the Operators' schedules. A fall-back is a mechanism for permitting the scheduled continuous operation of the vehicle, while scheduling individual breaks for the individual Transit Operators. When a Transit Operator is scheduled for a break, another Operator will take over the vehicle so that service can continue without interruption.

Muni Metro Assignments – The new provisions permit Muni Metro dispatchers or other appropriate authority to assign Muni Metro Operators to any Muni Metro vehicle on any Metro line at any Metro terminal at the end of any one-way trip. In addition, the K and M Muni Metro lines may be combined in establishing assignments provided

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that the Operators trading cars at the Metro Station are assured safe arrangements for making such car transfers.

The current provisions (1) except for combined K and M lines, do not permit Muni Metro Operator reassignments against the Operator's wishes for more than three round-trips daily on other than the operator's primary lines; (2) specifically defines a surface trip between West Portal and Church/Duboce as a half a round trip; (3) defines the J, K, L, M and N as separate lines; and (4) does not permit the K and M lines to be combined for Operator assignments against the Operator's wishes for more than six half round-trips on the combined K-M line.

According to Mr. Burns, by eliminating the ability of the Operator to refuse such reassignments, this new provision will allow Muni more flexibility to reassign Operators, which will be particularly useful in recovering from service disruptions on individual lines.

Fall-Back Policy – The proposed provisions would (1) permit fall-backs for Light Rail Vehicle (LRV) Operators to occur at any terminal, West Portal or Church/Duboce Stations; (2) require that each location where a fall-back occurs have access to a telephone and be equipped with adequate separate restrooms for male and female operators and, where practicable, such restrooms will not be portable toilets; (3) require that fall-backs not be less than 17 minutes at fall-back locations where a rest area is not currently available (i.e., 2<sup>nd</sup> and King, 48<sup>th</sup> and Judah and 46<sup>th</sup> and Wawona); and, (4) require that unscheduled fall-backs not result in the Transit Operator missing by more than one hour his or her scheduled "Split Time"<sup>1</sup> or scheduled end of shift.

The current provisions (1) only permit fall-backs to occur at either West Portal or Montgomery Stations; (2) require separate restrooms for male and female operators, with specific requirements for ventilation, safety, and cleanliness, a lounge area and food and snack facilities; and (3) require fall-backs at the end of any trip or period of work lasting more than 105 minutes and prohibit work

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<sup>1</sup> "Split Time" is a period of Transit Operator time off between scheduled hours in the morning and scheduled hours of work later during the same day.

assignments lasting more than 120 minutes without providing a fall-back.

Mr. Burns reports that the new provision will allow Muni to create operating schedules which are easier to maintain during the necessary Operator breaks.

Proof of Payment Program – The proposed provisions would permit the Proof of Payment Program that is currently on Breda cars in revenue service to be expanded to include operation with one Transit Operator for up to three cars in the tunnel providing additional service and for two cars per train in revenue service on the street. The Proof of Payment Program allows Muni to collect fares on the street, and provide more efficient boarding of vehicles through the second or third vehicles of the train without additional Operators. In addition, the Proof of Payment Program can be expanded to other Muni Metro service when: (1) the Safety Committee, established by Section 21.1 of the existing MOU, addresses safety and security concerns on the Proof of Payment Program; (2) the Safety Committee submits recommendations to Muni management no later than October 1, 1999 for establishing guidelines for the responsibility of operators for incidents and accidents that occur on the second or third car; and, (3) Operators displaced as a result of the Proof of Payment Program are reassigned to another Operator position.

The current Proof of Payment provisions state that this Program is limited to the Breda cars and for up to two cars in the tunnel and two cars per train on the street, with the condition that there be no resulting reduction in Operator staffing levels.

This new provision, according to Mr. Burns, will eliminate the previous requirement of no reductions in Operator staffing levels, and thus should result in the need for fewer Operators, and ultimately salary and benefit cost reductions, at an estimated annual savings of \$500,000. Mr. Burns does not anticipate any reductions in revenues from the expanded Proof of Payment Program.

Lateness and Absence Without Leave (AWOL) Program – The proposed provision would change the language from a

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"Miss Out Prevention Program" to a "Lateness and Absence Without Leave Prevention Program" and impose more stringent disciplinary actions for each time a Transit Operator fails to report to work without notification. Under the proposed amendment, within an eight-month period, after the first violation of this provision, an Operator could be disciplined by up to a two-day suspension. After the second violation, an Operator could be disciplined by up to a ten-day suspension and after a third or further violation, an Operator could be disciplined by termination.

Under the current provisions, Operators cannot be disciplined with termination until at least their fifth violation and do not receive any suspensions until at least their third violation of this provision within an eight-month period. Mr. Burns notes that, unless there are extenuating circumstances, all Muni Managers have been advised to discipline Operators to the maximum level of the proposed new provisions of the AWOL Program disciplinary measures.

The proposed amendment would also delete a side letter of agreement dated May of 1991, regarding Proof of Payment fare collections on the Light Rail Vehicles (LRVs) because these provisions are no longer applicable.

**Comments:**

1. As noted above, this is the third amendment to the MOU with the Transit Workers' Union Local 250-A. Ms. Alice Villagomez of the Department of Human Resources reports that the first amendment to this MOU was approved in February of 1999 to provide an Employee Assistance Program for Transit Operators. The second amendment, approved in April of 1999, extended health and retirement fringe benefits to part-time Transit Operators.

2. In July of 1996, the Budget Analyst's Office conducted a management audit of the Municipal Railway. This management audit contained 97 recommendations, including recommendations that the Muni implement a full Proof of Payment Program, reassign Transit Operators from the second and subsequent cars of multiple LRV trains to improve Muni's ability to meet scheduled service requirements and negotiate operational

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improvements to allow more efficient use of platform Operators. Several of the operational improvements included in the proposed MOU will address issues identified by the 1996 management audit.

3. The proposed MOU extends from July 1, 1996 through June 30, 2000. If the proposed amendment is approved, which contains a 5.5 percent wage increase effective July 1, 1999, the cumulative wage increases for 9163 Transit Operators would be 14.5 percent, over the four-year term of the MOU, or an average of 3.63 percent annually. Such wage rates are as follows:

<u>Effective Date</u>	<u>Percent Increase</u>	<u>Hourly Rates</u>
July 1, 1996	4.7%	\$19.45
July 1, 1997	2.2%	\$19.88
July 1, 1998	1.4%	\$20.15
July 1, 1999	5.5%	\$21.26

Cumulative Pct. Increase 13.8%

Under the existing FY 1996-97 to FY 1999-2000 MOU, there are no specific provisions for salary increases for FY 1999-2000. Instead, the MOU states that the parties can reopen the MOU for basic wage rates and for two non-economic issues for each party, which is the subject of the proposed ordinance.

4. Given that there are 2080 hours per work year, the FY 1999-200 annual salary for a Muni Transit Operator would be \$44,221. This does not include any overtime pay, differential pay or other additional benefits provided. Mr. Burns reports that the average full-time Transit Operator works approximately 400 overtime hours per year, at a rate of time and one-half, or \$31.89 for FY 1999-2000, for additional wages of \$12,756 or average total annual wages of \$56,977 per Transit Operator.

5. In accordance with Charter Section A8.404, on or before the first Monday of August each year, the Civil Service Commission must certify to the Board of Supervisors the average of the two highest wage schedules in effect on July 1st of that year for comparable Transit Operators in municipalities with a population of not less than 500,000 and employing not less than 400

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Transit Operators. Charter Section A8.404 also states that the Board of Supervisors shall fix wage schedules for Transit Operators which are not in excess of the average of the two highest wage schedules, as certified by the Civil Service Commission. On August 2, 1999, the Civil Service Commission certified that the average of the two highest wage schedules (based on \$22.26 per hour at the Massachusetts Bay Transportation Authority in Boston and \$20.88 per hour at the Santa Clara Valley Transportation Authority in San Jose) was \$21.57 per hour, or an increase of 7.04 percent greater than the current Muni Transit Operator wage rate. As noted above, the proposed amendment includes a wage rate increase of 5.5 percent from \$20.15 to \$21.26 per hour, or \$.31 less than the average of the two highest wage schedules surveyed.

6. It should be noted that, in accordance with Charter Section A8.404(e), the surveyed wage schedules reflect the maximum rates of pay provided in these other municipalities. These maximum wage rates are then used to determine the wage rates for Muni Transit Operators. However, the Budget Analyst notes that at Muni, it takes only 31 months (or approximately 2½ years) to reach the maximum wage rate. In contrast, it takes 48 months (or four years) to reach the maximum wage rate at the Massachusetts Bay Transportation Authority and 54 months (or 4½ years) to reach the maximum wage rate at the Santa Clara Valley Transportation Authority. Therefore, although Muni wage rates are being set at slightly less than the average of the two highest wage schedules surveyed, it takes Muni Operators considerably less time (17 to 23 months less time) to achieve these higher wage rates than it takes these other systems' transit operators to achieve a comparable level of maximum wages.

7. The Budget Analyst also notes that when the second amendment to the Transit Workers MOU was approved in April of 1999, the Budget Analyst reported to the Board of Supervisors on the results of an actuarial analysis conducted by Towers Perrin Company, which was completed in August of 1998. As required by Charter Section A8.404, this actuarial analysis was conducted for the annual certification by the Civil Service Commission

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of the monetary value of the conditions and benefits for Muni Transit Operators, as compared with the two transit system operators having the highest wage schedules. This previous actuarial survey found that the aggregate dollar value of Muni Operators retirement, vacation and medical benefits was \$1,489,000 greater than the value of the same benefits that were provided to the two highest wage schedule transit agencies (i.e., Massachusetts Bay Transportation Authority and Santa Clara Valley Transportation Authority). This was primarily a result of the City's pickup of employee contributions for retirement and medical benefits. However, a comprehensive valuation of not only the value of these benefits, but also other economic elements of the MOU concluded that Muni Transit Operators were approximately \$3.5 million below the aggregate value of the same conditions and benefits in the two comparable transit systems. Ms. Janet Bosnich of the Department of Human Resources reports that a draft actuarial analysis has recently been completed for 1999 and reflects similar findings.

8. As shown in Attachment 2, the Controller's Office estimates that the proposed ordinance will result in incremental costs of \$6,206,429 for FY 1999-2000, as a result of the proposed wage and related fringe benefit increases. The proposed 5.5 percent salary increase on July 1, 1999 is anticipated to result in approximately a 6.34 percent cost increase above the Transit Workers' current base salaries for FY 1999-2000. The Budget Analyst concurs with this analysis. Mr. Matthew Hymel of the Mayor's Office reports that the proposed costs for this MOU will be funded from the Salary and Benefits Reserve included in the FY 1999-2000 budget.

9. In summary, the proposed ordinance would implement the third amendment to the Transit Workers MOU, which extends from July 1, 1996 through June 30, 2000 and covers approximately 2,000 Muni Transit Operators and Trainee Operators. The basic maximum wage rates would be increased by 5.5 percent from \$20.15 to \$21.26 per hour for Transit Operators and from \$12.70 to \$13.40 for Trainee Operators, effective July 1, 1999. The proposed amendment also includes six other provisions to improve Muni management's flexibility in

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assigning Operators and vehicle assignments and are intended to improve the efficiency and operations of Muni.

Including the proposed 5.5 percent wage increase, the cumulative wage increases would total 14.5 percent over the four-year term of the MOU, or an average of 3.63 percent per year. In accordance with Charter Section A8.404, on August 2, 1999, the Civil Service Commission certified that the average of the two highest wage schedules was \$21.57 per hour, or an increase of 7.05 percent greater than the current Muni Transit Operator wage rate of \$20.15. Hence, the proposed amendment includes a wage rate increase which is \$.31 less than the average of the two highest wage schedules surveyed. Although Muni wage rates are being set at slightly less than the average of the two highest wage schedules surveyed, it takes Muni Operators considerably less time (17 to 23 months less time) to achieve these higher wage rates than it takes other systems' transit operators to achieve a comparable level of maximum wages.

In addition, an actuarial survey found that the aggregate dollar value of Muni Operators retirement, vacation and medical benefits was \$1,489,000 greater than the value of the same benefits that were provided to the two highest wage schedule transit agencies. However, a comprehensive valuation of these benefits, as well as other economic elements of the MOU concluded that Muni Transit Operators were approximately \$3.5 million below the aggregate value of the two comparable transit systems. Similar draft findings have resulted in 1999.

The Controller's Office estimates that the proposed ordinance will result in incremental costs of \$6,206,429 for FY 1999-2000, as a result of the proposed wage and related fringe benefit increases. The increased costs resulting from this proposed MOU would be funded from the FY 1999-2000 Salary and Benefits Reserve.

**Recommendation:** Approval of the proposed ordinance is a policy matter for the Board of Supervisors.

**FY 1999-00 Rates of Pay for Transit Operators**

Length of Employment	Percentage of Hourly Rate	<b>9163 rates</b> <b>07/01/1999</b>	Paid 7/1/99 to present	<u>FOR THE RETRO</u> <u>Difference</u>	
				Amount	Percent
0 - 35 days	100% of Trainee Rate	<b>\$13.4000</b>	\$12.7000	\$0.7000	5.5118%
0 - 6 months	70% of Operator Rate	<b>\$14.8820</b>	\$14.1050	\$0.7770	5.5087%
7 - 12 months	75% of Operator Rate	<b>\$15.9450</b>	\$15.1125	\$0.8325	5.5087%
13 - 18 months	80% of Operator Rate	<b>\$17.0080</b>	\$16.1200	\$0.8880	5.5087%
19 - 24 months	85% of Operator Rate	<b>\$18.0710</b>	\$17.1275	\$0.9435	5.5087%
25 - 30 months	90% of Operator Rate	<b>\$19.1340</b>	\$18.1350	\$0.9990	5.5087%
31 plus months	100% of Operator Rate	<b>\$21.2600</b>	\$20.1500	\$1.1100	5.5087%

8/4/99



## CITY AND COUNTY OF SAN FRANCISCO

## OFFICE OF THE CONTROLLER

Edward Harrington  
Controller

July 27, 1999

Ms. Gloria L. Young, Clerk of the Board  
Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

RE: Amendment to Memorandum of Understanding with Transit Worker's Union Local 250-A  
File No. 99-1463

Dear Ms. Young:

In accordance with Ordinance 92-94, I am submitting a cost analysis of an amendment to the Memorandum of Understanding between the City and County of San Francisco and the Transit Worker's Union Local 250-A, for fiscal year 1999-2000. The amendment covers the period July 1, 1999 through June 30, 2000, and affects approximately 2,000 employees with a salary base, including budgeted overtime, of approximately \$97.9 million.

Based on our analysis, the amendment will result in incremental costs of approximately \$6.2 million in FY 1999-2000. The amendment will result in a cost increase of approximately 6.34% above base salaries for FY 1999-2000. Please see Attachment A for specific cost estimates.

If you have additional questions or concerns please contact me or Peg Stevenson of my staff at 554-7500.

Sincerely,

A handwritten signature of Edward M. Harrington in dark ink, written over the printed name and title.

Edward M. Harrington  
Controller

cc: Alice Villagomez, ERD  
Harvey Rose, Budget Analyst

Attachment A  
Transit Worker's Union, Local 250-A  
Estimated Costs 1999-00  
Controller's Office

<u>Annual Incremental Costs/(Savings)</u>	<u>FY 1999-00</u>
<b>Wage Increases</b>	
Up to 5.5% on July 1, 1999	\$5,381,919
<b>Wage-Related Fringe Increases</b>	<u>824,510</u>
<b>Total Estimated Incremental Costs</b>	<u><u>6,206,429</u></u>
<b>Annual Amount Above 1998-99 Level</b>	<b>\$6,206,429</b>
 <b>Incremental Cost % of Salary Base</b>	 <b>6.34%</b>

Item 2 - 99-1455

**Department:** Recreation and Park Department (RPD)  
Department of Public Works (DPW)  
Department of Parking and Traffic (DPT)

**Item:** Hearing to consider the release of reserved funds in the amount of \$8,801,092 for the purpose of funding infrastructure improvements to the West End area of Golden Gate Park.

**Amount:** \$8,801,092

**Source of Funds:** 1992 Golden Gate Park Infrastructure General Obligation Bond Fund proceeds

**Description:** In October of 1997, the Board of Supervisors approved an ordinance (File No. 101-97-13) appropriating \$25,105,000 of the 1992 Golden Gate Park Infrastructure General Obligation Bond Fund proceeds for various capital improvement projects at Golden Gate Park. Of the total funds of \$25,105,000, the Board of Supervisors placed \$16,698,000 on reserve, pending the Department of Public Works' submission of contract cost details. The Finance Committee subsequently released \$8,166,908 of the \$16,698,000, leaving a balance of \$8,801,092 on reserve.

This request would authorize the release of the remaining \$8,801,092 for the purpose of funding infrastructure improvements to the West End area of Golden Gate Park. According to Ms. Deborah Learner of the Recreation and Park Department (RPD), the West End area is the western portion of Golden Gate Park which is bound by 36<sup>th</sup> Street to the east, the Great Highway to the west, Fulton Street to the north and Lincoln Way to the south.

Documentation submitted by the RPD shows the construction work to be performed in the West End area will include the following:

1. The installation of a new sewer line to collect and transport waste water from various facilities in the West End area and route them to an existing sewer at 36<sup>th</sup> and Fulton Streets;

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2. The installation of a new drainage system to collect and transport storm runoff from the roadways along John F. Kennedy, Martin Luther King, Jr. and Chain of Lakes Drives;
3. The construction of a new water supply system in the West End area, including drinking water fountains and fire hydrants;
4. The installation of a water system to reclaim water from wells beneath the West End area and to use such water to irrigate land and fill the lakes in Golden Gate Park;
5. The installation of a sanitary force main and sewer ejector system to collect and transport waste water from a restroom facility in the West End area to an existing elevated sewer on 36<sup>th</sup> Street;
6. The replacement of the existing manual irrigation system at various locations in the West End area with a new automatic irrigation system;
7. The installation of new lighting fixtures along various roadways in the West End area;
8. Electrical improvements to various facilities in the West End area, including the Angler Lodge, Golden Gate Park Horse Stables and Model Yacht Clubhouse; and
9. Pathway and various American with Disabilities Act (ADA) improvements in the West End area.

**Budget:**

The construction contract for all of the infrastructure improvements in the West End area of Golden Gate Park totals \$7,140,787 and was awarded to JMB Construction, Inc., which submitted the lowest bid pursuant to a DPW Invitation for Bids process.

Attachment I, provided by DPW, contains a list of the firms that submitted bids and the amounts of each bid.

Ms. Learner advises that the total estimated cost of the proposed infrastructure improvements is \$8,967,019 or \$165,927 more than this request of \$8,801,092. Ms. Learner states that the funding source for the additional \$165,927 is previously appropriated, but unspent funds from the proceeds of the sale of 1992 Golden Gate Park Infrastructure General Obligation Bonds.

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**BUDGET ANALYST**

A summary budget for the proposed infrastructure improvements to the West End area in the amount of \$8,967,019 is as follows:

Construction Contract	\$7,140,787
(Awarded to JMB Construction, Inc.)	
Construction Contingency (10%)	714,079
Department of Public Works	
Construction Management	645,950
Project Management	62,987
Engineering	65,570
Design Support	189,664
Department of Parking and Traffic	
Construction Support	42,982
Other Construction Costs	
PG&E	100,000
Pacbell	<u>5,000</u>
TOTAL	\$8,967,019

**Comments:**

1. Attachment II, provided by DPW, contains the budget details to support the in-house civil service costs to the City for DPW Project Management (\$62,987), Construction Management (\$645,950) and Engineering (\$65,570) for this project.
2. Attachment III, provided by DPW, includes a breakdown of the in-house civil service costs, totaling \$189,664, for DPW Design Support for this project.
3. Attachment IV is a memorandum from the DPT to DPW estimating the in-house civil service costs to the City for the DPT Construction Support (\$42,982) for this project.
4. Attachment V, provided by Mr. Patrick Rivera of DPW, contains the budget details to support the other construction costs in the amount of \$105,000 for this project.

**Recommendation:**

Approve the proposed release of reserved funds.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

City and County of San Francisco  
Department of Public Works  
TABULATION OF BIDS

SPEC NO.: 1076N

TITLE: Golden Gate Park  
West End Utilities  
Contract Areas 6, 11 and 9

BIDS RECEIVED: May 19, 1999

BIDDERS:		Base Bid
JMB Construction Inc.	WBE/LBE	7,140,787
Proven Management Inc.	MBE/LBE	7,331,731
Flores/Interstate A Joint Venture	MBE/JV7.5%	7,408,617
Stacy and Witbeck/Mitchell/Esquivel a JV	MBE/LBE/JV7.5%	7,448,888
McKee Corporation USA	MBE/LBE	7,856,074
D'Arcy & Harty Construction, Inc.	LBE	7,954,445
NCCI/Shimmick A JV	JV7.5%	9,740,950
	Average Bid:	7,840,213
	Engineer's Estimate:	9,253,667
	% of Engineer's Estimate:	85%

APPARENT LOW BIDDER: JMB Construction Inc.  
150 Executive Park Blvd. Suite  
San Francisco, CA 94134  
Tel (415) 468-1202

SUBCONTRACTORS:		
Bass Electric	Electrical	1,075,000
Russ Enterprises Inc.	Traffic Control	400,000
Vickers Concrete	Pavement Sawcutting	75,000
Harty Pipelines	Sewer Work	180,000
Bauman Landscape	Irrigation	925,000

cc:	Patrick Rivera	Harlan Kelly	DPW Accounting	Helen Liu
	Mark Primeau	Don Eng	Maurice Williams	All bidders
	Linda Chin	Foon Chow	Bill Webb	

SL:sl

May 19, 1999

**Construction Support Labor Cost Estimates  
Golden Gate Park, West End Utilities**

Classification & Title	Hourly Rate	hours/week	No. of weeks	Extension
<b>Project Management</b>				
5504, PM II	98.95	10	52	51,454.00
1450, Exec Sect I	55.45	4	52	11,533.60
			<b>Total</b>	<b>62,987.60</b>

Classification & Title	Hourly Rate	hours/week	No. of weeks	Extension
<b>Construction Management</b>				
5210, Senior Civil Engineer	107.50	7	52	39,130.00
5206, Assoc. Civil Engineer	80.00	38	60	182,803.20
5204, Asst. Civil Engineer	62.00	22	56	76,384.00
6318, Inspector	102.00	58	52	307,632.00
Materials Testing & Sampling				40,000.00
			<b>Total</b>	<b>645,950.00</b>

Classification & Title	Hourly Rate	hours/week	No. of weeks	Extension
<b>Project Engineer</b>				
5210, Senior Civil Engineer	107.50	1	8	860.00
5208, Civil Engineer	107.63	2	40	8,610.40
5206, Assoc. Civil Engineer	80.00	13	52	54,399.99
1426, Secretary	42.50	2	20	1,700.00
			<b>Total</b>	<b>65,570.39</b>

**Design Support Labor Cost Estimates**  
**Golden Gate Park, West End Utilities**

Classification & Title	Hourly Rate	hours/week	No. of weeks	Extension
<b>Electrical</b>				
5236 Asst. Electrical Eng	62.00	6	52	19,344.00
5238 Asst. Electrical Eng	62.00	5	52	16,120.00
5352 Drafter	48.00	4	16	3,072.00
5240 Electrical Eng	85.00	3	52	13,260.00
5242 Senior Engineer	98.00	1	26	2,548.00
			<b>Total</b>	<b>54,344.00</b>

Classification & Title	Hourly Rate	hours/week	No. of weeks	Extension
<b>Mechanical</b>				
5254, Assoc Mech Engr	76.95	6	52	24,008.40
5254, Assoc Mech Engr	76.95	6	52	24,008.40
5346, Mech Engr Assoc II	57.12	5	52	14,851.20
1426, Senior Clerk/Typist	44.64	2	52	4,642.56
5258, Senior Mech Engr	103.56	1	52	5,385.12
			<b>Total</b>	<b>72,895.68</b>

Classification & Title	Hourly Rate	hours/week	No. of weeks	Extension
<b>Landscape Architecture</b>				
5274, Landscape Arch.	89.00	4	24	8,544.00
5262, Assoc. Land Arch.	66.00	8	30	15,840.00
			<b>Total</b>	<b>24,384.00</b>

Classification & Title	Hourly Rate	hours/week	No. of weeks	Extension
<b>Hydraulics</b>				
5210, Senior Civil Engineer	117.83	2	1	235.66
6318, Inspector	101.77	2	23	4,581.42
5222, Sanitary Engineer	74.07	5	52	19,258.20
5364, Drafter	65.26	4	2	522.08
5381, Student Intern	45.78	2	21	1,922.76
			<b>Total</b>	<b>26,600.00</b>

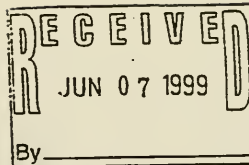
Classification & Title	Hourly Rate	hours/week	No. of weeks	Extension
<b>Roadway</b>				
5210, Senior Civil Engineer	107.50	1	8	860.00
5208, Assoc. Civil Engineer	80.00	8	16	10,240.00
1426, Secretary	42.50	4	2	340.00
			<b>Total</b>	<b>11,440.00</b>

Grand Total 5189,664



Traffic Engineering Division  
City and County of San Francisco

WILLIE LEWIS BROWN, JR., MAYOR  
STUART R. SUNSHINE, EXECUTIVE DIRECTOR



DATE: May 27, 1999

TO: Patrick Rivera  
DPW-Project Manager

THRU: Peter Woo *kin*  
Senior Transportation Engineer

FROM: Al Herce *Al*  
Assoc. Transportation Engineer

SUBJECT: GGP West End Utilities Project  
Construction Support Estimate  
1076N

As per your request, attached is a cost estimate to support the subject project during construction. Our Department will perform the following task during construction phase:

- a. Attend construction progress meeting.
- b. Review and approved Contractor's Traffic Control Submittals.
- c. Field check for proper implementation of Traffic Routing Specifications.
- d. Restore pavement striping and markings after construction.
- e. Survey and Replace any traffic signs that will be damaged during construction.

We will survey the project limits to have an inventory of traffic signs that will be relocated or damage during construction. We include an approximate cost of \$5,000. to anticipate the replacement of traffic signs. The total cost for our Department to support the subject project during construction phase is \$43,000.00

Thank you for your cooperation. If have any questions, please call me at 554-2324.

WEST END UTILITIES, 1076N  
CONSTRUCTION SUPPORT ESTIMATE

Section: Construction Section (CPT)  
Submitted by: Al Herod

Cost for Engineering Support

Staff	Classification & Title	Hourly Rate	Over Head	hours/day	hours/week	No. of weeks	Extension
Pefer Wbo	5232-Senior Transportation Engr.	43.78	1.75	0.15	0.75	52	2,988.87
Robb Jiridai	5230-Transportation Engineer	38.40	1.75	0.75	3.75	52	13,104.00
Albert Tom	5228-Assst. Transportation Engr.	27.95	1.75	0.25	1.25	52	3,178.31
Erla Bertumeh	5384-Civil Engineering Associates	24.82	1.75	0.15	0.75	52	1,680.32
Sub-total							\$ 20,952.30

Cost for Restoring the Existing Pavement Surface & Markings

Type of Pavement Striping/Markings	Quantity	Unit	Cost/Unit	Cost
A. Double Yellow	2,200.00	lin. ft.	1.25	2,750.00
B. 4" Broken White	8,850.00	lin. ft.	1.00	8,850.00
C. 12" Broken White & Strip Bar	300.00	Sq. ft.	3.00	900.00
D. Pavement Messages	216.00	Sq. ft.	5.00	1,080.00
E. Raised Pavement Markers	370.00	pcs	5.00	1,850.00
F. Handicap Parking Spaces*	5.00	pcs	200.00	1,000.00
G. Color Curb	200.00	lin. ft.	3.00	600.00
Sub-total				\$ 17,030.00

\*Include High Post Sign per stall

Reinstallation of Existing Traffic Signs (Lump Sum Cost)

Sub-total	\$ 5,000.00
TOTAL	\$ 42,982.30
Say.....	\$ 43,000.00

**Date:** 8/5/99  
**Sender:** Patrick Rivera  
**To:** Gabriel Cabrera  
**Priority:** Normal  
Receipt requested  
**Subject:** Golden Gate Park, West End Utilities

---

Gabriel,

The following is an explanation on the PG&E and Pacbell Other Construction Costs of \$100,000 and \$5,000 respectively:

PG&E: PG&E provided a verbal estimate on the work they will provide for this project in the order of \$80,000 to \$100,000. The actual amount will not be determined until they begin design. However, PG&E will not begin design until after award of this contract.

Pacbell: Pacbell provided an estimate for installing phone lines for this project in the amount of \$4,400. The estimate was only good for 30 days. For budgeting purposes, \$5,000 was used. The actual cost will be determined after the contract is awarded.

If you have any further questions, please call me at 558-4045.

Thanks  
Patrick Rivera



Item 3 – 99-1482

**Department:** Department of City Planning

**Item:** Hearing to consider the Planning Department's enforcement program, including how the enforcement program will be enhanced to vigorously enforce the Planning Code and terms of conditional use authorization and how the positions that were approved in the FY 1999-2000 Budget will be used to expand enforcement.

**Description:** The FY 1999-2000 Budget as approved by the Board of Supervisors included a total of 13 new, fee-based positions for the Department of City Planning. Eleven of these 13 new, fee-based positions would be used to enhance Neighborhood Planning services, including Planning Code enforcement services.

Attachment I provided by the Department of City Planning, explains the intended organization and use of the eleven new, fee-based positions for the enforcement program.

Attachment II, also provided by the Department, shows the cost details of the positions as included in the FY 1999-2000 Budget.

## ***San Francisco Planning Department***

### **FY 1999-2000 Budget Proposal: Neighborhood Planning Unit's Request for Additional Staff**

#### **Background**

The San Francisco Planning Department is composed of six units which undertake various aspects of current and long-range planning and environmental review for the City of San Francisco. The Neighborhood Planning unit within the Department is staffed by 50 positions and is organized geographically to undertake the review of all types of planning applications and building permits and to enforce the Planning Code. This unit engages in neighborhood outreach to better understand neighborhood needs and, once sufficiently funded, to develop plans, design guidelines, enforcement programs and other special programs designed to respond to the unique needs of individual neighborhoods. The Major Environmental Analysis Unit is staffed by 19 positions and is charged with conducting environmental review California Environmental Quality Act (CEQA).

In developing the Department's fiscal year 1999-2000 budget and work program, the Neighborhood Planning and Major Environmental Analysis Units undertook a needs assessment which examined the work flow, including the type and number of applications received and, for Neighborhood Planning, needs expressed by the neighborhoods in last year's Neighborhood Planning Survey -- a survey of neighborhood organizations relating to planning issues. This assessment revealed that the number and complexity of applications has risen dramatically in the past year and far exceeded the number of applications that could be reviewed by the current staffing levels, that the applications brought in fees that would fully support enough new staff members to adequately review these applications; that by law the money from these applications must be put to use in reviewing the applications; and that the number one planning priority for neighborhood organizations is enforcement.

#### **The Proposal**

To respond to this needs assessment, the Department is asking for 13 new positions, fully paid for by application fees, to review applications and to enforce the Planning Code and monitor mitigation measures. Two of the positions will be review projects for CEQA compliance. This review is required by law. Projects cannot be considered for approval without CEQA review. Members of the public pay hefty fees to enable the Department to undertake this review. Without the new staff, the applicant's money is not put to any use and their project is frozen. Eleven of the positions will be assigned to Neighborhood Planning to review applications and enforce the Planning Code.

The Neighborhood Planning Unit currently has four geographic teams, each staffed by 6-9 planners and one support staff, as well as several pooled support staff, two Planner V's and the Zoning Administrator. Originally, the Department requested 18.5 positions for this unit. At that time, the proposal was to bring each of the four teams up to 10 people each, create a fifth geographic team and create one "tactical" team. The Mayor's office worked with the Department to arrive at a reduction in the request -- from 18.5 to 11. With this reduction, the proposal changed by omitting the fifth team. (This decision was made by the planners who staff the teams now. It was based on the fact that 10 persons per team appears to be the optimal number of staff on a team in order to

have enough expertise of various types to serve a neighborhood, to provide backup during vacations and illnesses, etc.) Each of the four teams would be brought up to 10 persons each and a tactical team would be created under the 11-person proposal. The tactical team would undertake the following duties:

- 1) develop and coordinate a neighborhood-based enforcement program (see below for fuller explanation)
- 2) undertake the second phase of a citywide historic resources survey
- 3) revise Articles 10 and 11 of the Planning Code
- 4) develop a training program for neighborhood planning staff to ensure planners know the code and implement it appropriately
- 5) improve procedures:
- 6) facilitate neighborhood outreach for the teams
- 7) when there are unexpected influxes in applications, help the geographic teams review cases.

### The Enforcement Program

The enforcement program would be developed and coordinated by the tactical team and implemented by the geographic teams. Initially, the tactical team would work closely with representatives of umbrella organizations, in particular the Coalition for San Francisco's Neighborhoods and the Council of District Merchants, to assist in selecting neighborhoods and neighborhood issues on which to focus, and with representatives from the Building Department, the Mayor's Office of Neighborhood Services and City Attorney's Office to coordinate the enforcement actions of other city agencies. The geographic team members would then work closely with individual neighborhood groups to fine-tune the program based on the needs of each neighborhood. For instance, if 24th Street is chosen as one of the targeted areas, the neighborhood groups there may want the Department to focus on the illegal conversion of upper-story housing to office use. Another neighborhood may find illegal outdoor dining their most pressing problem. Still another may want the enforcement work to include several use-types. It is estimated that a minimum of one FTE of planner's time will be devoted to each of the quadrants to assure that the program continues to provide adequate enforcement efforts to San Francisco's neighborhoods. Additional resources would be allocated to the tactical team for this effort. The Zoning Administrator would play a key role in developing the program.

The Department would commit to semi-annual reports to the Coalition and Council of District Merchants to ensure accountability and secure feedback on the program's efficacy.

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*Neighborhood Planning Cost Figures for Position Increases*

Position Title	Base Salary	Fringe	FTE	Full Cost
Planner 5	\$ 91,872	\$ 22,049	1	\$ 113,921
Planner 4	\$ 77,491	\$ 18,598	2	\$ 192,178
Planner 3	\$ 65,302	\$ 15,672	4	\$ 323,898
Planner 2	\$ 55,071	\$ 13,217	2	\$ 136,576
Planner 1	\$ 45,310	\$ 10,874	1	\$ 56,184
1426	\$ 40,168	\$ 9,640	1	\$ 49,808
Subtotal			11	\$ 872,566

Some of the numbers are off  
by \$1 or \$2 due to rounding.

*Major Environmental Analysis Unit Cost Figures*

Position Title	Base Salary	Fringe	FTE	Full Cost
Planner 3	\$ 65,302	\$ 15,672	1	\$ 80,974
Planner 2	\$ 55,071	\$ 13,217	1	\$ 68,288
Subtotal			2	\$ 149,263
TOTAL/COST OF ALL POSITIONS				\$ 1,021,828
				13,859 (NOU Increase)
				<u>\$1,035,687</u>

Item 4 – File 99-1488

**Department:** Airport

**Item:** Resolution concurring with the Controller's certification that Airport Information Booth Services at San Francisco International Airport can be practically performed by a private contractor at a lower cost than if work were performed by City and County employees.

**Services to be Performed:** Airport Information Booth Services

**Description:** The Airport Information Booth Services Program was established by the Airport in 1990 to provide centralized locations for the purpose of (a) providing information to air passengers regarding Airport facilities and services, available ground transportation services, regional hotel accommodations, and visitor services and events; and (b) selling transit passes for regional public transportation systems to employees. The Airport currently has a total of five information booths on the Arrival Level of the existing terminals at the Airport, which operate daily from 8 a.m. to 1 a.m.

Polaris Research and Development, Inc., a private contractor, has provided Information Booth services to the Airport since the establishment of the program in 1990.

Charter Section 10.104 provides that the City may contract with private firms for services which can be practically performed for a lower cost than similar work by City and County employees.

The Controller has determined that contracting for the information booth services at the Airport for FY 1999-2000 would result in estimated savings as follows:

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

Memo to Finance and Labor Committee  
August 11, 1999 Finance and Labor Committee Meeting

	Lowest Salary Step	Highest Salary Step
<u>City-Operated Service Costs</u>		
Salaries	\$1,840,685	\$2,169,446
Fringe benefits	<u>491,510</u>	<u>543,138</u>
Total	\$2,332,195	\$2,712,584*
 <u>Contractual Service Cost</u>	 <u>1,562,207</u>	 <u>1,562,207</u>
 <u>Estimated Savings</u>	 \$ 769,988	 \$1,150,377

\* Totals differ from the Controller's analysis due to rounding.

**Comments:**

1. The Airport reports that Airport Information Booth Services were first certified as contractual services as required under Proposition J (Charter Section 10.104) in 1990, and have been continuously provided by an outside contract since then.

2. Ms. Alice Sgourakis of the Airport reports that the current Airport Information Booth Services Program contract with Polaris Research and Development, Inc. began on October 15, 1995. The contract term is for one year, with four annual renewals up to a maximum term of five years. According to Ms. Sgourakis, at the end of the current one-year renewal period on October 14, 1999, the Airport plans to exercise its option to renew this contract for the twelve-month period from October 15, 1999, through October 14, 2000. The renewal period commencing October 15, 1999, will be the final annual renewal of the five-year contract.

3. The Contractual Services cost used for the purpose of this analysis is based on the current contractor's costs to provide Information Booth Services for the twelve-month period from October 15, 1999 through October 14, 2000.

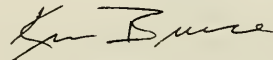
4. The FY 1999-2000 Contractual Services Cost of \$1,562,207 is \$262,207, or 20 percent, more than the FY 1998-99 cost of \$1,300,000. Ms. Sgourakis reports that the increased costs are due to the addition of three new information booths to be located at the new International

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

Terminal, scheduled to open in May of 2000, for a total of eight information booths at all Airport terminals. The number of new hires to cover the three new information booths for the new International Terminal include four new supervisors and twelve new agents to be hired in January of 2000 in preparation for the new booths to be opened in May of 2000, increasing total staff from 34 to 50.

5. The Controller's letter certifying compliance with Charter Section 10.104 and the supplemental questionnaire with the Airport's responses is shown in the Attachment to this report.

**Recommendation:** Approve the proposed resolution.

  
for Harvey M. Rose

cc: Supervisor Yee  
Supervisor Bierman  
President Ammiano  
Supervisor Becerril  
Supervisor Brown  
Supervisor Katz  
Supervisor Kaufman  
Supervisor Leno  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Clerk of the Board  
Controller  
Legislative Analyst  
Matthew Hymel  
Stephen Kawa  
Ted Lakey

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

Edward Harrington  
ControllerJohn W. Madden  
Chief Assistant Controller

June 3, 1999

John L. Martin  
Airport Director  
San Francisco International Airport  
P.O. Box 8097  
San Francisco, CA 94128

RE: Airport Information Booth services - FY 1999/2000

Dear Mr. Martin:

The cost information and supplementary data provided by your office on the proposed contract for Airport Information Booth services have been reviewed by my staff.

If these services are provided at the proposed contract price, it appears they can be performed at a lower cost than if the work were performed by City employees at current salary and benefit levels. A statement of projected cost and estimated savings for Fiscal Year 1999-2000 is attached for your review.

The requirements of Charter Section 10.104.15 relative to the Controller's findings that "work or services can be practically performed by private contract" have been satisfied. To complete the Charter requirements, it will be necessary for your department to secure approval of a resolution by the Board of Supervisors before entering into the private contractual arrangement.

Sincerely,

Edward Harrington,  
Controller

Enclosure

cc: Geoff Rothman, Employee Relations Division  
Harvey Rose, Budget Analyst - Board of Supervisors ✓

SAN FRANCISCO INTERNATIONAL AIRPORT  
 AIRPORT INFORMATION BOOTH SERVICES - FY 1999/2000 <sup>(1)</sup>  
 COMPARATIVE COSTS OF CONTRACTING VS. IN-HOUSE SERVICES

**ESTIMATED CITY COSTS:**

Projected Personnel Costs	Class	Positions	BW Rate		Low	High
Transit Manager III	9142	1.00	2,672	3,248	71,757	85,098
Chief Transit Information Clerk	9125	2.00	1,550	1,881	82,933	98,188
Senior Transit Information Clerk	9124	8.00	1,477	1,791	316,108	373,961
Transit Information Clerk	9122	33.00	1,414	1,714	1,248,325	1,476,268
Sr Account Clerk	1632	1.00	1,381	1,674	36,945	43,691
Night Differential					41,718	49,339
Bilingual Pay					42,900	42,900
Total Salaries		45.00			1,840,685	2,169,446
<hr/>						
Fringe Benefits						
Variable Fringes <sup>(2)</sup>					289,069	340,696
Fixed Fringes <sup>(3)</sup>					202,441	202,441
Total Fringe Benefits					491,510	543,138
<hr/>						
ESTIMATED TOTAL CITY COST					2,332,195	2,712,583
<hr/>						
LESS: ESTIMATED CONTRACT COST <sup>(4)</sup>					(1,562,207)	(1,562,207)
<hr/>						
ESTIMATED SAVINGS					769,988	1,150,376
<hr/>						

Comments/Assumptions:

1. These services have been contracted out since 1990.
2. Variable fringe benefits also include retirement pickup for the designated classes.
3. Fixed fringe benefits consist of health and dental rates plus an estimate of dependent coverage.
4. Both the city and contract cost estimates do not include operating costs that would be the same under either scenario. This does not affect the estimated cost savings.

REVISED CHARTER 8.300-1 (Proposition J) QUESTIONNAIRE

**DEPARTMENT:** SFIA Landside Operations  
**CONTRACT SERVICES:** Airport Information (A1) Booth Program  
**CONTRACT PERIOD:** October 15, 1999 – October 14, 2000

- (1) **Who performed services prior to contracting out?**  
Polaris Research and Development has performed these services since the program's inception in 1990. Airport Commission Resolution 95-0090 awarded the Airport Information Booth contract to Polaris for one year, with four additional one-year renewal options at commission discretion. The contract renewal for the fourth of four renewal options will be proposed to the Airport Commission upon certification of cost analysis.
- (2) **Number of City employees laid-off as result of contracting out?**  
None (see #1)
- (3) **Explain disposition of employees if they were not laid off.**  
N/A (see Item #1)
- (4) **What percentage of a City employee's time is spent on services to be contracted out?**  
N/A (see Item #1)
- (5) **How long have the services been contracted out? Is this likely to be one-time or an ongoing request for contracting out?**  
Services have been contracted out since program inception on October 15, 1990; this will be ongoing request for contracting out.
- (6) **What was the first fiscal year of a Proposition J Certification? Has it been certified for each subsequent year?**  
It was first certified in Fiscal Year 1990/91 and has been certified each subsequent year.
- (7) **How will contract services meet the goals of your MBE/WBE Action Plan?**  
The firm is registered as a large local MBE firm with the Human Rights Commission. Currently eighty percent (80%) of the Polaris personnel employed on the AI program are minorities. In addition, the contractor is required to demonstrate "best efforts" to achieve at least a 20% goal to utilize local MBEs and WBEs as subcontractors, vendors and suppliers.
- (8) **Does the proposed contract require that the contractor provide health insurance for its employees? Even if it is not required, does the proposed contractor provide health insurance for its employees?**  
Although the contract does not require that the contractor provide health benefits, the Contractor does offer a full benefits package to employees including health and disability coverage, life insurance, sick leave and vacation pay. The contractor also provides a 401K retirement program for employees.
- (9) **Does the proposed contractor provide benefits to employees with spouses? If so, are the same benefits provided to employees with domestic partners? If not, how does the proposed contractor comply with the Domestic Partner ordinance?**  
Polaris provides benefits to employees with spouses and offers these benefits to domestic partners.

Department Representative: Alice Sgourakis  
Telephone Number: (650) 794-6516

051115d.asl



City and County of San Francisco  
Meeting Minutes  
Finance and Labor Committee

Members: Supervisors Leland Yee, Sue Bierman and Tom Ammiano

Clerk: Mary Red

City Hall  
1 Dr. Carlton B.  
Goodlett Place  
San Francisco, CA  
94102-4689

Wednesday, August 18, 1999

10:00 AM

City Hall, Room 263

Regular Meeting

Members Present: Leland Y. Yee, Sue Bierman, Tom Ammiano.

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PUBLIC LIBRARY

MEETING CONVENED

*The meeting convened at 10:18 a.m.*

REGULAR AGENDA

991392 [Authorizing agreements and acceptance of assets related to the dissolution of Western Addition Parking Corporation and the lease of the Japan Center Garages at 1660 Geary Boulevard and 1680 Fillmore Street]

Ordinance authorizing the Department of Public Works to accept a gift of \$550,000 from the City of San Francisco Western Addition Parking Corporation for the renovation of the Peace Plaza at the Japanese Cultural and Trade Center; approving the dissolution of the City of San Francisco Western Addition Parking Corporation and accepting the remaining assets and liabilities of said corporation; approving the transfer of said assets and liabilities to the Japantown Garage Parking Corporation; approving the form of lease of the Japantown Garage to the Japantown Garage Parking Corporation; ratifying previous actions taken in connection with the foregoing matters; and authorizing the taking of appropriate action in connection therewith. (Department of Parking and Traffic)

7/9/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

8/4/99, CONTINUED. Heard in Committee. Speakers: Supervisor Yee; Ken Bruce, Budget Analyst Office; Jeff Mori, President, Japan Center Garage Corporation; Bob Davis, Director, Parking Authority; Supervisor Ammiano; Supervisor Bierman. Continued to August 18, 1999.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Robert G. Davis, Director, Parking Authority; Edward Harrington, Controller.*

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**

Ordinance authorizing the Department of Public Works to accept a gift of \$550,000 from the City of San Francisco Western Addition Parking Corporation for the renovation of the Peace Plaza at the Japanese Cultural and Trade Center; approving the dissolution of the City of San Francisco Western Addition Parking Corporation and accepting the remaining assets and liabilities of said corporation; approving the transfer of said assets and liabilities to the Japan Center Garage Corporation; approving the form of lease of the Japantown Garage to the Japan Center Garage Corporation; ratifying previous actions taken in connection with the foregoing matters; and authorizing the taking of appropriate action in connection therewith. (Department of Parking and Traffic)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano



**991266 [Amending Public Works Code relating to liens on delinquent water and sewer charges affecting individually metered tenant occupied single family homes and amending late payment and utility lien collection procedures]**

Ordinance amending Public Works Code Chapter X concerning the imposition of liens to recover revenues from delinquent water and sewer service accounts, by amending Section 150.1 to comport with organizational changes in the 1996 Charter, amending Section 150.2 to exempt the owners of tenant occupied single family dwellings from the imposition of water and sewer service liens; amending Section 150.3 for grammatical consistency; amending Section 150.4 to exempt the owners of tenant occupied single family dwellings from the imposition of water and sewer service liens, and deleting the phrase "special assessment"; amending Section 150.5 to exempt the owners of tenant occupied single family dwellings from the imposition of water and sewer service liens, for provision of written notice to other customers, and to permit the collection of administrative fees for overdue water and sewer service accounts; amending Section 150.6 to comport with organizational changes in the 1996 Charter; amending Section 150.7 regarding noticed hearings; amending Section 150.8 to eliminate the tax priority of liens filed under the existing ordinance; amending Section 150.9 to establish a late payment penalty fee for unpaid closed accounts; amending Section 150.10 to create a process for transfer of liens and other overdue accounts to the Tax Collector and Bureau of Delinquent Revenue Collection and authorizing the recovery of attorney's fees and costs by the Bureau; amending Section 150.11 regarding release of liens upon payment and disposition of funds collected; and amending Section 150.12 increasing debt writeoff authority from \$50 to \$200 and authorizing the Bureau of Delinquent Revenue to compromise or abandon claims submitted to it by the Public Utilities Department. (Public Utilities Commission)

(Amends Public Works Code Section 150.1 - 150.12 inclusive.)

6/22/99, ASSIGNED UNDER 30 DAY RULE to Finance and Labor Committee, expires on 7/28/1999.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; John P. Mullane, Manager, Customer Service Bureau, Public Utilities Commission.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammannio

**991489 [1999 Asian Art Museum Bond Sale - Issuance of the second and final series of bonds out of the total \$41,730,000 approved by the voters on November 8, 1994]**

Resolution authorizing and directing the sale of not to exceed \$16,730,000 City and County of San Francisco General Obligation Bonds (Asian Art Museum Relocation Project) Series 1999D; prescribing the form and terms of said Bonds; authorizing the execution, authentication and registration of said Bonds; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of funds related thereto; approving the forms of official notice of sale of Bonds and notice of intention to sell Bonds; directing the publication of the notice of sale and notice of intention to sell bonds; approving the form and execution of the official statement relating thereto; approving the form of the continuing disclosure certificate; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds. (Mayor)

7/28/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Laura Opsahl Bordelon, Debt and Staff Administrator, Mayor's Office of Public Finance; Ikuko Satoda, Chief Financial Officer, Asian Art Museum; Edward Harrington, Controller.*

**AMENDED, AN AMENDMENT OF THE WHOLE BEARING NEW TITLE.**



Resolution authorizing and directing the sale of not to exceed \$16,730,000 City and County of San Francisco General Obligation Bonds (Asian Art Museum Relocation Project) Series 1999D; prescribing the form and terms of said Bonds; authorizing the execution, authentication and registration of said Bonds; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of funds related thereto; approving the forms of official notice of sale of Bonds; directing the publication of the notice of sale and notice of intention to sell bonds; approving the form and execution of the official statement relating thereto; approving the form of the continuing disclosure certificate; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds. (Mayor)

**RECOMMENDED AS AMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991524 [State grant funds for the City Administrator-Solid Waste Management to establish the compost (converting plant debris to fertilizer), recycling and market development program at the St. Mary's Urban Youth Farm]**

Resolution authorizing the Solid Waste Management Program of the City and County of San Francisco to accept and expend \$25,000 from the California Integrated Waste Management Board for an urban compost, recycling and market development pilot program. (Administrative Services Department)

8/3/99, RECEIVED AND ASSIGNED to Public Health and Environment Committee.

8/11/99, TRANSFERRED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harvey Rose, Budget Analyst; Jack Macy, Solid Waste Management Program.*

**RECOMMENDED.. by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991496 [Authorizing the PTC General Manager to execute an agreement with BART to pay MUNI \$2,066,513 for transferring riders to BART stations]**

Resolution approving an agreement between the City and County of San Francisco and the Bay Area Rapid Transit District authorizing payment to San Francisco Municipal Railway for transfer trips provided in fiscal year 1999. (Public Transportation Commission)

7/29/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Harvey Rose, Budget Analyst; Nancy Whelan, Municipal Railway.*

**RECOMMENDED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano

**991522 [Reserved Funds, Dept. of Public Works]**

Hearing to consider release of reserved funds, Department of Public Works (Special Gas Tax and Road Funds, Ordinance 355-94), in the amount of \$622,661 to fund the first phase of the Chinatown Alleyways Improvement Project. (Department of Public Works)

8/3/99, RECEIVED AND ASSIGNED to Finance and Labor Committee.

*Heard in Committee. Harvey Rose, Budget Analyst; Sherman Hom, Department of Public Works; Jasmine Kaw, Chinatown Community Development Center.*

**APPROVED AND FILED by the following vote:**

Ayes: 3 - Yee, Bierman, Ammiano



**991102 [City Services to Pacific Bell Park]****Supervisor Yee**

Hearing to discuss the cost and types of services the City's plans to provide to mitigate the traffic impacts Pac Bell Park games and events will have on the Potrero, South Beach and South of Market Area neighborhood.

6/1/99, RECEIVED AND ASSIGNED to Transportation and Land Use Committee.

6/4/99, TRANSFERRED to Finance and Labor Committee.

*Heard in Committee. Speakers: Harry Yahata, CalTrans District Manager; Dennis Mulligan, Project Manager, CalTrans; Jose Luis Moscovich, Director of Plans and Programs, Transportation Authority; Jack Bair, Vice President, San Francisco Giants; Gerald Robbins, Department of Parking and Traffic; Jose Campos, Redevelopment Agency; Daniel Bell, Port of San Francisco; Cynthia Chono, Department of Public Works; Nancy Whelan, Municipal Railway; Jeffrey Leibovitz, Rincon-Point South Beach Citizens Advisory Committee; Walter Tac (CEO of Internet company at Second and Bryant Streets); Barry Taranto, United Taxicab Workers; Diane Aubry, President, Homeowners Association at 301 Bryant; Wendy Earl, President, Board of Directors, 601 4th Street Homeowners Association; Louise Bird; Rolf Mueller; Gerald Green, Director of Planning; Captain Alex Fagan, Police Department.*

**CONTINUED TO CALL OF THE CHAIR by the following vote:**

Ayes: 2 - Yee, Bierman

Absent: 1 - Ammiano

**ADJOURNMENT**

*The meeting adjourned at 12:52 p.m.*



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/18/99  
CITY AND COUNTY



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Attn: *Susan Hom*  
OF SAN FRANCISCO

**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

1390 Market Street, Suite 1025, San Francisco, CA 94102 (415) 554-7642  
FAX (415) 252-0461

August 13, 1999 DOCUMENTS DEPT.

**TO:** Finance and Labor Committee

AUG 17 1999

**FROM:** Budget Analyst

SAN FRANCISCO  
PUBLIC LIBRARY

**SUBJECT:** August 18, 1999 Finance and Labor Committee Meeting

Item 1 - File 99-1392

**Note:** This item was continued from the Finance and Labor Committee Meeting of August 4, 1999.

**Department:** Department of Public Works (DPW)  
Department of Parking and Traffic (DPT)

**Item:** Ordinance authorizing the Department of Public Works (DPW) to accept a gift of \$550,000 from the City of San Francisco Western Addition Parking Corporation for the renovation of the Peace Plaza at the Japanese Cultural and Trade Center; approving the dissolution of the City of San Francisco Western Addition Parking Corporation and accepting the remaining assets and liabilities of said corporation; approving the transfer of said assets and liabilities to the Japantown Garage Parking Corporation; approving the form of lease of the Japantown Garage to the Japantown Garage Parking Corporation; ratifying previous actions taken in connection with the foregoing matters; and authorizing the taking of appropriate actions in connection therewith.

**Location:** 1660 Geary Boulevard between Webster and Laguna

## OVERVIEW

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The proposed ordinance would authorize the following actions:

- Authorization for DPW to accept a \$550,000 gift from the City of San Francisco Western Addition Parking Corporation (WAPC)
- Dissolution of the WAPC
- Funding of the City of San Francisco Japan Center Garage Corporation (JCGC) through the transfer of WAPC assets and liabilities to JCGC
- Authorization for the DPT to lease the Japan Center Parking Garage facilities to JCGC, and
- Ratification of previous matters and authorization of future related matters

The Japan Center Parking Garage facilities (hereinafter, the "Garage") is comprised of two parking structures that accommodate a total of 850 vehicles. According to Mr. David Sanchez, Deputy City Attorney, the Garage is owned by the City and leased by WAPC through a leasehold interest. Mr. Sanchez also reports that under the provisions in the proposed ordinance, the Garage will continue to be owned by the City though now leased by JCGC instead of WAPC.

Attachments 1 and 2, provided by DPT, explain the background facts associated with the Garage. According to DPT, the proposed ordinance is in the best interests of the City because it favorably positions the City and DPT to meet future anticipated debt service obligations related to a proposed new parking garage development, called the Jazz Garage, which would be located at Fillmore and Eddy Streets. The proposed Jazz Center Garage would be separate from the Japan Center Parking Garage and would accommodate 466 vehicles. Financing and construction of the Jazz Center Garage would be subject to future Board of Supervisors approval.

To facilitate the financing of a new Jazz Center Garage, DPT proposes to dissolve the current Japan Center Parking Garage nonprofit corporation, WAPC. By dissolving WAPAC and negotiating a new lease with the

**BOARD OF SUPERVISORS**

**BUDGET ANALYST**

proposed Japantown Garage Parking Corporation, a current Gross Receipts Tax obligation assessed against WAPAC would cease. Under Section 1004.16 of the Administrative Code, Gross Receipts Taxes must be paid by nonprofit garages that issue bonds. Currently the Gross Receipts Tax for nonprofit garages is set at 25 percent of gross receipts, and must be paid in addition to Parking Taxes.

The proposed new lease with the Japan Center Parking Corporation would also direct 85% of the Garage's net income, after payment of operating expenses, to the City. Currently, WAPC retains all net income and gives surplus funds to the City, as and when their Board of Directors deems it appropriate. Traditionally, nonprofit corporations, like WAPC, which were used to finance parking garages, give surplus funds derived from the garage's income to the City if and when those monies are no longer needed for debt service or for capital improvements or alterations, according to Mr. Ron Szeto, Deputy Director, of the DPT. Mr. Szeto states that the anticipated revenue benefit of directing 85% of the Garage's net income to the Off-Street Parking Fund will be \$627,938 annually.

According to DPT, under the existing WAPC lease, DPT must pay the Garage's Gross Receipts Tax to the City. The amount of the Gross Receipts Tax paid by DPT on behalf of WAPC is \$437,717 annually.

Therefore, by dissolving the WAPC lease and leasing the Garage to the Japantown Garage Parking Corporation, the Off-Street Parking Fund would realize additional income from the Garage's parking revenues of \$627,938 annually, and would not have to pay \$437,717 annually in Gross Receipts Taxes to the City's General Fund. Therefore, the net benefit to the Off-Street Parking Fund would total \$1,065,655 annually. However, the General Fund would receive reduced Gross Receipts Tax revenues of \$437,717 annually.

The DPT also estimates that the proposed Jazz Garage would increase parking revenue to the Off-Street Parking

Fund by \$58,597 annually and increase Parking Tax revenues to the General Fund by \$179,772 annually.

Therefore, if the DPT projection proves accurate, the net reduction in annual revenue to the General Fund would be \$257,945 (\$437,717 in reduced Gross Receipts Taxes less \$179,772 in new Parking Taxes). The Budget Analyst notes however, that such estimated new revenues from a Jazz Center Garage will only be realized if and when the new Garage is built and becomes operational.

According to Mr. Szeto, the ultimate goal of this organizational and financial restructuring is to position the City and DPT to adequately cover future, projected debt service obligations for the new Jazz Garage, which are estimated to be between \$1.1 and \$1.2 million annually. Mr. Szeto reports that such costs would be funded by the \$437,717 that would become available if the Gross Receipts Tax obligation no longer has to be paid by DPT to the City's General Fund, new Off-Street Parking Fund income derived from the JCGC lease of \$627,938 from parking revenue's, and projected operating income from the new Jazz Garage of \$68,938, for a total of \$1,134,593.

Mr. Szeto also reports that the cost and financing plan details for the new Jazz Garage development have not yet been finalized. The proposal to finance and build the Jazz Center Garage will be subject to future Board of Supervisors approval.

The Gift and Lease actions of the proposed ordinance are outlined below.

#### GIFT

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Gift Amount: \$550,000

Description: Prior to the dissolution of the Western Addition Parking Corporation (WAPC), WAPC will gift \$550,000 in cash to DPW for the renovation of the Peace Plaza at the Japanese Cultural and Trade Center. The \$550,000 would be used for waterproofing the Peace Plaza, which is located on top of the Japan Center Garage and currently

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

leaks water into the Garage causing damage to the structure.

According to Mr. Szeto, the gift proceeds represent a portion of WAPC's equity and will be specifically appropriated by DPW for waterproofing the Peace Plaza. The Peace Plaza is a hardscape plaza<sup>1</sup> located on top of the Garage and the waterproofing will directly benefit the Garage. The proposed resolution would authorize the DPW to accept a gift of \$550,000.

## LEASE

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<b>Purpose of Lease:</b>	Management of Japan Center Parking Garage Facilities
<b>Lessor:</b>	City and County of San Francisco
<b>Lessee:</b>	City of San Francisco Japan Center Garage Corporation, a nonprofit corporation
<b>No. of Sq. Ft.:</b>	The Garage contains 289,567 square feet and accommodates 850 vehicles.
<b>Annual Rent and Net Parking Revenues Payable By JCGC to the Off-Street Parking Fund:</b>	\$1.00 over the term of the lease; plus, 85 percent of net revenues (meaning gross parking revenues minus Parking Taxes and operating expenses) estimated to be \$627,938 annually payable to the Off-Street Parking Fund.

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<sup>1</sup> Hardscape plaza is the term used to describe a park area with hard surface landscaping, as opposed to parks, which have tree and garden landscaping.

**Utilities and**

**Janitorial Services:** According to Mr. Szeto, as with other nonprofit corporations involved in City garage management, all costs for utilities and janitorial services would be approved annually by the Controller and DPT and are the responsibility of the Lessee.

**Term of Lease:** The lease term is 40 years, though the City can terminate the lease with cause at any time. After five years, the City can terminate the lease with or without cause.

**Right of Renewal:** None.

**Description:** The proposed resolution would authorize the Department of Parking and Traffic to enter into a lease, without using a competitive bid process, with the City of San Francisco Japan Center Garage Corporation (JCGC), a nonprofit corporation, to manage the Japan Center Parking Garage facilities located at 1660 Geary Boulevard. According to Section 17.11 of the Administrative Code, the Parking and Traffic Commission can lease a parking facility, without a competitive process, to a nonprofit corporation for the purpose of facilitating the financing of a parking facility, as authorized and approved by the Board of Supervisors.

Also consistent with Section 17.11, JCGC would contract with a parking operator following a Bid/RFP process in accordance with the lease agreement. JCGC must employ a professional parking operator with a staff experienced in the management and operation of public parking facilities and the parking operator selected shall be subject to approval by both the Parking and Traffic Commission and the Board of Supervisors in accordance to Section 17.11 of the Administrative Code, which was amended in April 26, 1999 to allow for a Bid/RFP process instead of a competitive bid process (File No. 98-1935), according to Mr. Szeto.

Under the terms of the lease, the Controller and the Parking and Traffic Commission will continue to have review and approval authority for the annual budget of the Garage.

**Comments:**

1. According to Mr. Szeto, the \$550,000 gift from WAPC will be used to fund necessary waterproofing of the Peace Plaza and will be but a part of the larger renovation currently already underway at the Peace Plaza. According to Ms. Tina Olson, Financial Manager, of DPW, the budgeted cost of the renovation is \$2,055,648 of which \$550,000 is coming from the WAPC gift, \$600,000 from the San Francisco Redevelopment Agency, \$350,000 from the General Fund through the Department of Recreation & Parks' FY 1999-2000 budget, \$405,648 from Open Space monies (of which \$200,000 is from previous years' budgets and \$205,648 is from the FY 1999-2000 budget) and \$150,000 from private, community sources.

2. Attachment 2, provided by DPT, explains (a) the purpose of the WAPC dissolution; (b) the benefits to the City for dissolving WAPC and establishing JCGC; and, (c) the reasons why the City should award this lease to JCGC without the use of competitive bidding procedures. The Attachment states that the primary benefit of the ordinance is to financially restructure the obligations and rights of the City, DPT and the nonprofit corporation leasing the Garage.

3. Mr. Szeto concurs with the Budget Analyst that the proposed ordinance should be amended to reflect that both: (a) the assets and liabilities will be transferred to; and, (b) the lease will be signed with the Japan Center Garage Corporation, and not the Japantown Garage Parking Corporation.

4. As noted above, by dissolving the WAPC lease and leasing the Garage to the Japan Center Garage Corporation, the Off-Street Parking Fund would realize additional income from the Garage's parking revenues of \$627,938 annually, and would not have to pay \$437,717 annually in Gross Receipts Taxes to the City's General Fund. Therefore, the net benefit to the Off-Street Parking Fund would total \$1,065,655. However, the General Fund would receive reduced Gross Receipts Tax revenues of \$437,717 annually.

5. On April 2, 1999 the Budget Analyst issued a performance audit report on the Department of Parking and Traffic. Section 7 of the performance audit report addressed City Owned Parking Garages. We reviewed the status of the findings and recommendations contained in a prior audit of City Owned Garages conducted in 1993. We found that DPT has implemented many of the recommendations from the 1993 performance audit. Since 1994, parking garage revenues have increased, operating costs have been kept under control, and many improvements to the City-owned parking garages have been made. However, we also found that certain important recommendations from the Budget Analyst's 1993 Performance Audit had not yet been fully implemented.

Attachment 3 provides the Department of Parking and Traffic's response to each of our recommendations concerning City Owned Garages, presented to the Board of Supervisor's Audit and Government Efficiency Committee on May 18, 1999. With respect to non profit parking corporations, the Budget Analyst's performance audit recommended that DPT convert the existing parking operator contracts, which provide for a flat management fee and reimbursement of operating expenses, to fixed rate management agreements, under which the operator agrees to a level of compensation based on a percentage of gross revenues or a fixed level of compensation, to cover operating costs and profit when legally and financially feasible.

In response to this recommendation, the DPT stated that the DPT and the non-profit parking corporations were preparing bid documents and management agreements for non-profit parking facilities. When such documents are completed, DPT will forward the documents to the non-profit parking corporations who will then solicit proposals. According to Mr. Szeto, the documents are now under review and it is anticipated that the first issuance of requests for proposals will occur in the last calendar quarter of 1999.

- Recommendations:**
1. Amend the proposed ordinance to replace all references to the Japantown Garage Parking Corporation with the Japan Center Garage Corporation.
  2. Approval of the proposed ordinance, as amended, is a policy matter for the Board of Supervisors.

## ATTACHMENT 1

The Japan Center project, bounded by Post, Laguna, Geary and Fillmore (intersected by Webster), started as a redevelopment project in the early 1960's. The Redevelopment Agency agreed to sell the site to a private developer, National Braemar, Inc., for development as a Japanese cultural and trade center. In 1965, negotiations were concluded between the Redevelopment Agency, National Braemar, and the City for the development of the Center. National Braemar agreed to construct a privately owned commercial complex devoted to Japanese cultural and trade uses above the garage. The garage was to be separately financed and constructed by a nonprofit corporation. The garage, land and improvements would be given to the City subject to a 50-year lease to secure the corporation's repayment of the costs of acquisition and construction of the garage.

On April 1, 1965, the City entered into a 50-year lease with the Western Addition Parking Corporation ("Western") to aid and assist the City for the acquisition of the demise premises and the construction of the Japan Center Garages (the "Garage") on said premises. Under the lease, Western agreed to finance the costs of acquisition of the demised premises and the construction of the Garage with the costs to be repaid out of revenues derived from the operations of the Garage. Under this arrangement, Western also retains 100% of net income for future Garage capital improvements, such as lighting retrofit and replacement of parking equipment.

Western financed the cost of the Garage construction from the sales of prior lien bonds (\$3,000,000) and subordinate bonds (\$673,000). From the 1960's through the 1980's, the Garage revenues were insufficient to cover the operating costs of the Garage and the debt service due on the bonds. As part of the agreement to the bondholders, Western received advances from the City (\$382,552) and National Braemar (\$647,148) to meet its financial obligations. During this period, the City imposed a new gross receipt tax. Under the lease, the City was contractually obligated to pay any new tax imposed on Western and under this obligation, the annual gross receipt tax was passed to the City for payment.

## ATTACHMENT 2

(Page 1 of 2)

### FUTURE GARAGE DEVELOPMENT & THE JAPAN CENTER GARAGE

In 1995, the Redevelopment Agency approached the Parking Authority and the Western Addition Parking Corporation to discuss the proposed entertainment complex that includes a 466-space garage, a jazz super club, and a multi-screen theatre complex located on Fillmore and Eddy Streets. This proposed revitalization project is as important to this neighborhood today as the Japanese cultural and trade center development was to Japantown in the 1960's. Benefits generated from this proposed project would include increase visitors to neighborhood and increase commerce for local merchants.

At the beginning of this proposed revitalization project, the Department of Parking and Traffic supported the efforts of Western Addition Parking Corporation ("Western") to finance the acquisition of the proposed garage component. Subsequently, the Department and the City concluded that the best interest of the City would be served if the Parking Authority directly undertook to finance the garage component of the project.

Since the projected operating income for the proposed garage was minimal and insufficient to cover the annual debt service, approximately \$1.1 to \$1.2 million, the Parking Authority began looking at alternative sources of revenues to fill the gap. The Parking Authority identified the Japan Center Garage (the "Garage") revenues as the source that did not impact the General Fund. Under the lease with the Western, the corporation retained 100% of the income or approximately \$700,000 annually from the operations of the Garage. The corporation uses these retained funds for future Garage capital improvement projects, such as, lighting retrofit and replacement of parking equipment. Moreover, under the lease, our department was contractually obligated to pay for the gross receipts tax, approximately \$450,000 annually, for the Garage.

At this point, we decided that the best interest of the City was to terminate the lease with Western. The termination would allow the Parking Authority to capture the Garage's income and to relieve our Department of the gross receipt tax obligations. Gross receipt taxes are assessed on non-profit parking corporations that issued bonds to construct a parking garage. The new non-profit corporation would not be subjected to this tax. During this process, Japantown community leaders expressed their concerns with terminating the lease. They wanted to maintain their commitment to the community, without any personal financial benefits, by serving on the Board of Directors that oversees the Garage. Understanding the importance of the Garage to the local merchants, residents and visitors, they wanted direct involvement with the operations of the Garage and the selection of the professional parking operator. Based on this assessment, DPT believes that a sole-source contract with JCGC is in the best interest of the City.

**GIFT FUNDS**

Also, the community wanted to improve the Peace Plaza, which has been delayed for many years due to insufficient funding. The Western offered a \$550,000 gift to the Department of Public Works to increase the funds for the Peace Plaza Renovation Project. This gift will have direct and indirect benefits to the Garage and the community. For years, the Garage has experienced water leakage problems. This gift would allow DPW to incorporate a superior water-proof material that would keep water from penetrating the concrete slabs into the Garage. Renovation of the Japantown Peace Plaza would increase the number of visitors to the community and thus generate more Garage revenues. The remaining capital funds balance of approximately \$200,000, at this time, would be sufficient to meet any capital projects in the near future.

**FISCAL IMPACT**

The financial benefits of dissolving Western are \$437,717 of tax savings and \$627,938 (85% of \$738,750) of new income for our Department. The 15% of net income that the new corporation would retain would be use for improvements to the Garage. If approved, the Parking Authority will use the tax savings of \$437,717, new income to the Department of \$627,938, and any operating income from the proposed new garage projected to be \$68,938 (for a total of \$1,134,593) to offset any debt service (projected to be \$1.1 to \$1.2 million) for the proposed Jazz Garage.

**SUMMARY & STATUS OF NEGOTIATIONS FOR JAZZ GARAGE**

The primary benefit of the ordinance is to financially restructure the obligations and rights of the City, DPT and the nonprofit corporation leasing the Garage. And, due to the above financial reasons and the sensitivity towards the community's concerns, the Parking Authority Commission approved a Resolution, which urges the Board of Supervisors to accept the gift, enter into a lease with the Japan Center Garage Corporation (the "Corporation"), and the transfer all assets and liabilities from the Western Addition Parking Corporation to the Japan Center Garage Corporation. We are currently negotiating a purchase price with the developer for the garage component of the proposed entertainment project. We will submit our proposed bond document to the Board of Supervisors for approval of bond issuance and the appropriation of funds when we agree on a purchase price with the developer.

### *Section 7 City Owned Parking Garages*

#### *The Parking and Traffic Commission should:*

- 7.1 Complete the conversion from leases to management contracts with garage operators for all direct operation garages. Where legally possible and financially feasible, compensation of the operator should be based on a percentage of gross revenues rather than on the basis of a flat fee.*

Currently, the San Francisco Parking Authority is reviewing several of its garage contracts to promote high management standards. In fact, on May 1, 1999, the San Francisco Parking Authority converted the Union Square Garage Lease into a one-year interim management agreement. To date, there are still two outstanding leases - the Golden Gateway and the Mission-Bartlett Garages. These two garage contracts will be considered at a June Commission meeting. Should the Commission approve the bid documents, the Parking Authority will solicit bids. Provided that the bids meet our high performance standards, the SF Parking Authority and will enter into new contracts by the end of this year.

- 7.2 Include detailed performance specifications, with penalty clauses, in all management contracts with all direct operation garage operators, covering garage personnel, security, maintenance, and signage.*

The Parking Authority is in wholehearted agreement that this is a good management practice. Our recent agreements include more detailed performance specifications and penalty clauses.

- 7.3 Direct the DPT Off-Street Parking Division to monitor direct operation garage compliance with performance specifications through twice-monthly checklist inspections, and submit six month reports to the Parking and Traffic Commission on operator performance and revenues.*

The Parking Authority staff has already begun a scheduled twice-monthly inspection of parking garages and metered facilities.

#### *DPT together with the Non-Profit Parking Corporations should:*

- 7.4 Convert the existing parking operator contracts, which provide for a flat management fee and re-imbursement of operating expenses, to fixed rate operator contracts under which the operator agrees to a level of compensation based on a percentage of gross revenues to cover operating costs and profit when legally and financially feasible, contracts should be*

*bid based on a fixed level of compensation that covers both operating expenses and profit*

The Department, the City Attorney's Office, and the non-profit corporations are preparing the bid documents and management agreements for non-profit garage parking facilities. Once the bid documents are prepared by the City Attorney's Office, DPT will forward the documents to the non-profits. Thereafter, the non-profits will solicit the proposals.

*7.5 Competitively bid the existing fixed rate operator contracts on a regular basis, at least every five years, starting immediately.*

Currently, most contracts are reviewed on a five-year basis. The Parking Authority staff is looking to standardize a five-year review for all garage contracts.

*7.6 Include detailed performance specifications and reporting requirements with penalty clauses in all contracts with operators.*

The Parking Authority concurs with the Budget Analyst's recommendation and will include this recommendation whenever possible.

*7.7 Direct staff to monitor compliance with performance specifications, and report to the Parking and Traffic Commission every six months on operator performance and revenues.*

As mentioned as a response to section 7.3, staff has already scheduled twice-monthly inspections of the non-profit garages.

Item 2 – File 99-1266

**Department:** Public Utilities Commission

**Item:** Amending Part II, Chapter X, Sections 150.1 - 150.12 of the Public Works Code concerning the imposition of liens to recover revenues from delinquent water and sewer service accounts.

**Description:** Existing provisions of Part II, Chapter X, Sections 150.1 – 150.12 of the Public Works Code create a process for the imposition of liens on San Francisco residential and commercial properties if owners or tenants fail to pay their water and sewer service charge bills. As outlined in the Attachment, a memorandum dated June 14, 1999 from Mr. John Mullane of the Public Utilities Commission to the Finance and Labor Committee, the proposed ordinance would make various amendments to the Public Works Code pertaining to (a) the imposition of liens on Property Tax bills for delinquent water and sewer service charge accounts, and (b) the collection of revenues from such delinquent accounts, as follows:

- (1) Eliminating the priority of liens on Property Tax bills for delinquent water and sewer service charges over earlier deeds of trust (such as mortgages) recorded against the properties in question, as required by State legislation;
- (2) Exempting tenant-occupied, individually metered, residential dwellings from the imposition of a water and sewer service charge liens, as required by State legislation;
- (3) Authorizing the collection of security deposits;
- (4) Permitting the Public Utilities Commission to transfer collection of delinquent closed water and sewer service charge accounts to the Tax Collector's Bureau of Delinquent Revenue Collection; and
- (5) Increasing the levels of write-off which can be authorized for delinquent water and sewer service charge bills from \$50 to \$200 per account.

**Comment:** Mr. Mullane estimates that the proposed amendments are revenue neutral and should not result in either a net increase or a net decrease in revenues, as these

Memo to Finance and Labor Committee  
August 18, 1999 Finance and Labor Committee Meeting

amendments primarily codify existing Public Utilities  
Commission practices.

**Recommendation:** Approve the proposed ordinance.



CITY AND COUNTY OF SAN FRANCISCO  
PUBLIC UTILITIES COMMISSION  
*Customer Service Bureau*

WILLIE L. BROWN, JR., MAYOR

ANSON B. MORAN, GENERAL MANAGER



ANN MOLLER CAEN  
PRESIDENT  
FRANK L. COOK  
VICE PRESIDENT  
E. DENNIS NORMANDY  
VICTOR G. MAKRAS  
BEN L. HORN

SAN FRANCISCO  
WATER DEPARTMENT  
METCH METCHY  
WATER AND POWER  
SAN FRANCISCO  
CLEAN WATER PROGRAM

MEMORANDUM

TO: Finance and Labor Committee Members

FROM: John P. Mullane, Manager  
PUC Customer Service Bureau

DATE: June 14, 1999

RE: AMENDMENT TO ARTICLE 4.3 OF THE SAN FRANCISCO PUBLIC  
WORKS CODE (SECTION 150.1 - 150.13/DELINQUENT WATER AND  
SEWER SERVICE CHARGES)

Recommended Action:

Approve amendment to the referenced section of the San Francisco Public Works Code to reflect changes in organizational structure, to incorporate effects of State of California legislation, to clarify the role of the Lien Hearing Committee, and to increase the Committee's authority in the write off of delinquent water and sewer bills.

Background:

In recent years two organizational changes occurred within the Public Utilities Commission: (1) various functions, including representation on the Lien Hearing Committee on the part of the Department of Public Works and the Chief Administrative Officer, were transferred under the auspice of the Mayor's Office from the Chief Administrative Officer and the Department of Public Works to the Public Utilities Commission; similarly, (2) the Water Department was reorganized along operational lines including the deletion of the General Manager position from the organizational structure. Since all of these organizations or positions are reflected in the language of the existing lien ordinance, it is appropriate to remove such references from the ordinance.

Prior to the passage of AB 1770, the Public Utilities Commission had the authority to place liens for the non-payment of delinquent water and sewer service bills on all real property in the City and County of San Francisco. AB 1770, passed in 1996, exempts single family, non-owner occupied properties from the lien process. Language is included in the ordinance to reflect this anomaly from the Commission's overall authority

Finance and Labor Committee Members  
 April 29, 1999  
 Page 2

to place liens against real property. Similarly, AB 486, requires that liens on real property for unpaid utility charges shall be subordinate to any prior recorded lien on the property. Thus, reference to the use of "special assessment" liens is deleted.

The Lien Hearing Committee has been functioning as a designated hearing body for the Public Utilities Commission and the Chief Administrative Officer since the inception of the ordinance over twenty (20) years ago. The Commission has never been formally nor officially active in this capacity and has always delegated decision making authority to the Committee. Language is proposed to clarify that the Committee is designated to act for the Public Utilities Commission in this hearing capacity.

Various changes in lien processing necessitated by changes to State Law and other changes of various types to the Bureau's operating environment has resulted in the need for more aggressive collection practices. One such practice, utilizing the Tax Collector's Bureau of Delinquent Revenue, requires referencing in the ordinance, and, in particular, gives that agency the authority to recoup all of its collection costs so as to not diminish the revenue captured for the Public Utilities Commission.

At the time that the lien ordinance was written, sewer service charges were not included on the bills, water rates were significantly lower and the City was experiencing its first memorable drought in the late 70's; this combination of circumstances resulted in water bills being extremely small, making the inclusion of a ceiling of \$50.00 for the purpose of writing off bad debts on the part of the Committee appropriate. Today, with the increase in rates over time, the inclusion of a sewer service charge which is approximately four times greater than the water charge, and the fact that average consumption has increased since the 1978 period, there are very few, if any, accounts that are billed on a bi-monthly basis that do not exceed \$50.00. Administratively, it is suggested that a new limit for write offs of \$200.00 is more appropriate for the size of today's bills.

Analysis/Reason for Recommendation:

Language changes would be made to Article 4.3 (Delinquent Water and Sewer Service Charges), Sections 150.1 - 150.13 of the City's Public Works Code to "clean up" language necessitated by organizational changes within City government, state legislative action and recommendations for minor policy changes.

Organizational changes resulting in a reconfiguration of the Water Department require changes in language from the use of the term "San Francisco Water Department" to that of the "Public Utilities Commission" and deletion of the reference to the position of General Manager of the Water Department which is no longer utilized (Sec 150.1, 150.10). Other organizational changes resulting in the reassignment of various responsibilities from the Chief Administrative Officer to the Public Utilities Commission also require the deletion of references to that office (Sec. 150.6).

Finance and Labor Committee Members

April 29, 1999

Page 3

Passage of AB 1770 by the State Legislature exempts single family, non-owner occupied properties from the placement of liens for delinquent water and sewer service charges; the proposed amendment would incorporate language reflecting this legislative change (Sec.150.2, 150.4).

AB 1770 also includes the authority to require a security deposit prior to establishing an account for water and sewer service charge (this authority is already included in the Public Utilities Commission's Rules and Regulations Governing Water Service To Customers). The proposed amendment would incorporate language paralleling the AB 1770 authority and reiterate what is already included in the Rules and Regulations (Sec. 150.2).

Proposed language would clarify the role of the Public Utilities Commission vis-a-vis the Lien Hearing Committee and, in effect, delegate authority to the Committee to hold periodic (typically monthly) hearings related to the potential placement of liens against real property. (Sec. 150.7, 150.8).

An increase in the Lien Hearing Committee's authority to write off delinquent accounts from less than \$50.00 up to a new limit of \$200.00 is also recommended (Sec. 150.12).

Fiscal Implications:

None

Attachments: Proposed Legislation

Cc: Gloria Young, Clerk of the Board  
Anson B. Moran

JPM/mg



Item 3 – File 99-1489

Department: Asian Art Museum

Item: Resolution authorizing and directing the sale of not to exceed \$16,730,000 of City and County of San Francisco General Obligation Bonds (Asian Art Museum Relocation Project), Series 1999D; prescribing the form and terms of said Bonds; authorizing the execution, authentication and registration of said Bonds; providing for the appointment of depositories and other agents for said Bonds; providing for the establishment of funds related thereto; approving the forms of Official Notice of Sale of Bonds and Notice of Intention to Sell Bonds; directing the publication of the Notice of Sale and Notice of Intention to Sell Bonds; approving the form and execution of the official statement relating thereto; approving the form of the Continuing Disclosure Certificate; approving modifications to documents; ratifying certain actions previously taken; and granting general authority to City officials to take necessary actions in connection with the authorization, issuance, sale and delivery of said Bonds.

<u>Amount:</u>	<u>Series</u>	<u>Description</u>	<u>Amount</u>
	1999D	Asian Art Museum Relocation Project	\$16,730,000

Description: In November of 1994, a total of \$41,730,000 in General Obligation Bonds (Asian Art Museum Relocation) was approved by the electorate for seismic and other improvements to the old Main Library building in order to renovate the building as the new site of the Asian Art Museum, which is presently housed in a City-owned building in Golden Gate Park. In May of 1996 the Board of Supervisors approved the issuance of Series 1996E General Obligation Bonds (Asian Art Museum Relocation), totaling \$25,000,000, leaving a remaining unsold amount after the sale of \$16,730,000. Proceeds from the sale of the initial series of these bonds were for (a) design and construction of seismic improvements and for hazardous waste abatement at the old Main Library building, for a total cost of \$24,893,770, and for (b) the costs associated with the sale of the bonds, for a total cost

of \$106.230 or 0.4 percent of the total value of the bonds issued.

The Asian Art Museum Relocation Project will cost approximately \$125,150,000 (increased by \$34,000,000 from the original estimate of \$91,150,000, which included \$88,300,000 in direct project costs and \$2,850,000 in relocation and other related costs) to complete and will be funded through \$9,420,000 in 1989 Public Safety Improvement General Obligation Bond funds, \$41,730,000 in 1994 Asian Art Museum Relocation Project General Obligation Bond funds, an estimated \$4,000,000 in interest accrued on the bonds, and approximately \$70,000,000 (increased from the original estimate of \$40,000,000) in private donations (see Comment 8).

The proposed resolution pertains to the sale of \$16,730,000 in Series 1999 D General Obligation Bonds, which represents the unsold amount of the General Obligation Bonds approved by the electorate in November of 1994 for the Asian Art Museum Relocation Project.

General provisions of the sale of the bond funds (Series 1999D) would be as follows:

- The sale of the bonds is tentatively scheduled to be held Wednesday, September 22, 1999.
- Under the proposed resolution, the bonds would be sold at an interest rate which would not exceed 12 percent per year and will mature in the no later than June 15, 2020.
- Property taxes collected to redeem the bonds will be deposited in the special funds account which would be created specifically for this purpose.
- An official statement describing the proposed bonds to be issued is referenced in the proposed resolution for approval by the Board of Supervisors. The official statement would be available to all bidders for the bonds.

- Bonds will be awarded to the bidder whose bid represents the lowest interest cost to the City.
- The City Treasurer may appoint fiscal agents or financial institutions to distribute bond interest payments.

**Comments:**

1. According to Ms. Laura Opsahl Bordelon of the Mayor's Office of Public Finance, the \$16,730,000 in proceeds from the sale of the subject bonds will be used for reconstruction of the old Main Library building, including structural, electrical and plumbing, heating and ventilation, and roofing construction, to prepare for the relocation of the Asian Art Museum. Attachment I, provided by Ms. Ikuko Satoda of the Asian Art Museum, contains the projected budget to be financed by the subject bond proceeds.

2. Under the proposed resolution, the annual interest rate for the bonds could not exceed 12 percent. However, Ms. Bordelon reports that if the bonds are sold in September of 1999, the bonds would probably be sold at an overall effective interest rate of approximately 5.27 percent, and would have an average interest rate of 5.4 percent over the 20-year term of the bonds.

3. Ms. Bordelon estimates that, with a 20-year term for the Series 1999D bonds, and an expected average interest rate of approximately 5.4 percent, the proposed sale of bonds in the total amount of \$16,730,000 would result in total interest costs of approximately \$10,770,586 and a total debt service requirement of approximately \$27,500,586 over the life of the bonds. Over the 20-year period, this would result in an average debt service requirement of approximately \$1,375,029 per year.

4. According to Ms. Ann Carey in the Controller's Office, the proposed Series 1999D bond sale in the amount of \$16,730,000 would result in an increase in the Property Tax rate of approximately \$0.0021. At that rate, the owner of a single family residence assessed at \$400,000 would pay \$8.38 in additional Property Taxes annually due to the issuance of these bonds.

5. Ms. Bordelon states that the City's General Obligation bonding capacity, which is equal to three percent of the City's net assessed property value, is \$1,920,239,059 based on a net assessed valuation of \$64,007,968,636 for Fiscal Year 1998-99. Ms Bordelon states that, as of June 15, 1999, the City had outstanding \$887,090,000 aggregate principal amount of General Obligation Bonds, not including the subject Bonds of this resolution, which is equal to 1.39 percent of the net assessed valuation of \$64,007,968,636. Therefore, Ms. Bordelon advises that the City's current available General Obligation bonding capacity is approximately \$1,033,149,059. The proposed sale of bonds in the amount of \$16,730,000 would reduce the City's bonding capacity from \$1,033,149,059 to approximately \$1,016,419,059.

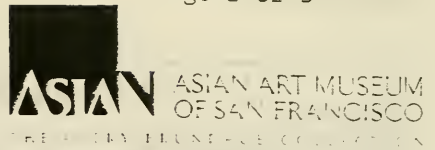
6. Ms. Bordelon advises that the cost of selling the bonds, including fees for private bond counsel and the services of the City Administrator and City Attorney, are expected to be approximately \$173,000, or 1.03 percent of the total value of the bonds issued.

7. Approval of the proposed resolution would authorize the sale of up to \$16,730,000 in General Obligation Bonds (Series 1999D). However, all future expenditure appropriations of the bond proceeds, including the appropriation for the bond issuance costs, would be subject to separate approval by the Board of Supervisors through supplemental appropriation ordinances.

8. Attachment II, provided by Ms.Satoda, contains (a) an explanation as to why an additional \$34,000,000 is needed to complete the Asian Art Museum Relocation Project, resulting in the total estimated project costs increasing from \$91,150,000 to \$125,150,000, and (b) the status of the projected amount of \$70,000,000 to be received from private donations for financing this \$125,150,000 project. According to Attachment II, of the \$70,000,000 in anticipated private donations, \$62,000,000 has been pledged, and \$34,500,000 has actually been collected.

**Recommendation:** Approve the proposed resolution.

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**



August 11, 1999

Mr. Harvey Rose  
Budget Analyst  
1390 Market Street, Suite #1025  
San Francisco, CA 94102

Dear Mr. Rose:

Enclosed is the Public Contract Construction Budget for the Asian Art Museum. Also enclosed is a breakdown of the construction costs associated with the \$16 million bond measure.

If you have any questions or need further explanation regarding the above, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Ikuko Satoda".

Ikuko Satoda  
Chief Operating Officer  
Asian Art Museum  
Ph. (415) 557-6813  
Fax (415) 557-6838

cc: Severin Campbell

CHONG-MOON LEE CENTER  
FOR ASIAN ART AND CULTURE

GOLDEN GATE PARK  
SAN FRANCISCO  
CALIFORNIA 94118  
PHONE (415) 379-8800  
FAX (415) 668-8028  
TDD (415) 752-2638

TOTAL CONSTRUCTION COSTS - Public Bid	
DESCRIPTION	BUDGET
Isolator & Flat Jacks Procurement	\$3,995,000.00
Structural & Soft Demolition	\$2,660,289.00
Site Shoring	\$489,760.00
Earthwork, Grading, Paving, Civil Demo.	\$1,070,272.00
Concrete	\$6,757,708.00
Structural Steel, Lateral Bracing & Metal Decks	\$14,222,895.00
Bid Contingencies	\$1,260,046.00
Change Order Contingencies	\$5,040,185.00
<b>Total Structural</b>	<b>\$31,501,155.00</b>
Conveying Systems	\$1,073,000.00
Fire Protection	\$880,000.00
Plumbing	\$423,456.00
HVAC	\$1,879,116.00
Electrical	\$649,875.00
Bid Contingencies	\$245,272.00
Change Order Contingencies	\$981,089.00
<b>Total Conveying, HVAC and Other</b>	<b>\$6,131,808.00</b>
Reinforced CMU	\$249,960.00
Fluid Applied Waterproofing, Elastomeric Deck	\$43,920.00
Built-Up Roofing	\$262,940.00
Batten Seam Metal Roofing, Cladding	\$144,110.00
Flashing & Sheet Metal	\$71,700.00
Roof Specialties	\$10,000.00
Metal Fabrications, Steel Stairs, Railings	\$1,058,380.00
Doors, Frames & Hardware	\$366,360.00
Glass & Glazing	\$758,240.00
Bid Contingencies	\$148,281.00
Change Order Contingencies	\$593,122.00
<b>Total Roofing and Materials</b>	<b>\$3,707,013.00</b>
Curbs, Sidewalks & Slabs	\$114,275.00
Site Utilities	\$187,364.00
Fire Stopping Blankets	\$714,000.00
EIFS	\$702,075.00
Sprayed Fire-Resistive Materials	\$400,000.00
Acoustical Ceiling	\$86,310.00
Flooring	\$555,974.00
Painting, Wall Coverings	\$396,094.00
Toilet Partitions	\$50,000.00
Window Washing System	\$350,000.00
Food Service Equipment	\$163,313.00
Drywall, Insulation, Metal Framing, GRG	\$2,442,998.00
Bid Contingencies	\$308,120.00
Change Order Contingencies	\$1,232,481.00
<b>Total Insulation and Other</b>	<b>\$7,703,004.00</b>
Other Miscellaneous Contracts	\$2,000,000.00
<b>Total Public Contracts</b>	<b>\$55,037,980.00</b>

CONSTRUCTION BUDGET FOR THE UNSOLD PORTION OF 1994 AAM RELOCATION PROJECT BOND \$16,730,000	
DESCRIPTION	BUDGET
Structural Steel, Lateral Bracing & Metal Decks	\$1,548,971.00
Bid Contingencies	\$1,260,046.00
Change Order Contingencies	\$5,040,185.00
<b>Structural and Contingencies</b>	<b>\$7,849,202.00</b>
Conveying Systems	\$1,073,000.00
Fire Protection	\$880,000.00
Plumbing	\$423,456.00
HVAC	\$1,879,116.00
Electrical	\$649,875.00
Bid Contingencies	\$245,272.00
Change Order Contingencies	\$981,089.00
<b>Total Conveying, HVAC and Other</b>	<b>\$6,131,808.00</b>
Reinforced CMU	\$249,960.00
Fluid Applied Waterproofing, Elastomeric Deck	\$43,920.00
Built-Up Roofing	\$262,940.00
Batten Seam Metal Roofing, Cladding	\$144,110.00
Flashing & Sheet Metal	\$71,700.00
Roof Specialties	\$10,000.00
Metal Fabrications, Steel Stairs, Railings	\$1,058,380.00
Doors, Frames & Hardware	\$366,360.00
Glass & Glazing	\$541,620.00
<b>Roofing and Materials</b>	<b>\$2,748,990.00</b>
	<b>\$16,730,000.00</b>

August 11, 1999

Mr. Harvey Rose  
Budget Analyst  
1390 Market Street, Suite #1025  
San Francisco, CA 94102



RE: Issuance of general obligation bonds for the Asian Art Museum

### **Explanation of the projected increase in costs for AAM relocation**

The Asian Art Museum relocation from Golden Gate Park to Civic Center is budgeted at \$125 million of which project costs of \$115.6 million is directly associated with the seismic retrofit and the adaptive reuse of the Old Main Library. The remaining non-project costs of \$9.6 million is related to Relocation and Capital Campaign.

Project costs were originally estimated to be approximately \$88.3 million. Due to project approval delays, legal fees, historical preservation requirements and inflation, the project costs increased by \$27.3 to \$115.6 million.

### **Private Donations**

The projected target for private donations is \$70 million; (Total budget of \$125 million less \$51 million bond issues and estimated interest of \$4 million from bonds).

Total amount pledged through 6/30/99 is \$62 million.

Payments received through 6/30/99 is \$34.5 million.

### **Donor Information**

The pledge to-date has come from:

Approx: 72% Individuals

Approx: 25% Charitable Foundations

Approx: 3% Corporations

It is the Museum's policy not to disclose donor information.

Please do not hesitate to contact me if you have any questions or need further explanation.

A handwritten signature in dark ink, appearing to read "Ikuko Satoda".

Ikuko Satoda

Chief Operating Officer

Ph. (415) 557-6813

Fax (415) 557-6838

cc: Severin Campbell

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Item 4 – File 99-1524

**Department:** Administrative Services

**Item:** Resolution authorizing the Solid Waste Management Program of the City and County of San Francisco to accept and expend \$25,000 from the California Integrated Waste Management Board for an urban compost, recycling and market development pilot program.

**Grant Amount:** \$25,000

**Grant Period:** June 24, 1999 through June 30, 2000

**Source of Funds:** California Integrated Waste Management Board (CIWMB)

**Indirect Costs:** CIWMB does not allow for the inclusion of indirect costs.

**Description:** The Sustainability Plan for San Francisco, a plan for San Francisco's long-term environmental sustainability drafted by a collaboration between the City and community organizations and approved by the Board of Supervisors in July of 1997, recommends that San Francisco (a) promote the composting of agriculture and food organic residuals produced within the City and (b) evaluate and develop markets for compost and other organic residual products. By the year 2001, the Sustainability Plan recommends that 25 percent of agricultural and food organic residuals are composted or recycled. As one step toward meeting this goal, the Solid Waste Management Program (SWMP), which is a program of the Department of Administrative Services responsible for ensuring that the City meets targeted goals for waste reduction, has participated with the San Francisco League of Urban Gardeners (SLUG), a nonprofit community-based organization, in developing the City's home and school composting programs, which include free workshops, a telephone hotline, brochures, volunteer training, discount compost bin sales and school cafeteria composting.

In 1995 SLUG set up a composting and chipping program at the St. Mary's Urban Youth Farm, which occupies the

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

southeast portion of St. Mary's Park located between Crescent Avenue and Alemany Boulevard. The St. Mary's Urban Youth Farm provides (a) a chipping service, which chips residential brush, tree limbs and other yard debris into small pieces for disposal, and (b) a composting service, which is the process in which organic waste matter decomposes into soil-like material to be used for fertilizer and other soil-enhancing products.

The purpose of the proposed grant would be to extend the current chipping and composting program at St. Mary's Urban Youth Farm to include an urban compost-marketing program. The grant funds would be used to purchase equipment to be used to screen and blend composts, that could then be marketed as potting mix, topsoil, and straight compost. The sources of compost and mulch to be used would be from both the residential and commercial landscape brush and organic residual drop-off site at St. Mary's Urban Youth Farm and from Norcal Waste Systems, Inc. Compost and mulch would be screened, blended with other materials, bagged, and marketed as "Urban Earth" to sell to nurseries, retail markets, and landscapers (see Comment 4).

Approval of the proposed resolution would allow the San Francisco Solid Waste Management Program to accept and expend \$25,000 in grant funds that will be used to (a) purchase equipment for the St. Mary's Urban Youth Farm pilot compost-marketing program, and (b) to provide training to four to six SLUG employees in the use of the equipment and in marketing the compost products.

**Budget:**

The proposed budget for the grant funds is as follows:

Equipment

Trommel screen*	\$ 3,500
Blender/mixer	10,000
Conveyer system	6,000
Additional costs (shipping, tax)	<u>500</u>
Subtotal	\$20,000
Signage	1,000
Training for program manager and crew	<u>4,000</u>
Total	\$25,000

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

\* A trommel screen is a system of removable screens used to filter the composted material to different desired sizes.

**Required Match:** None

**Comments:**

1. Although the grant period commences on June 24, 1999, Mr. Jack Macy of SWMP advises that the proposed grant funds have not yet been accepted or expended. Therefore, the proposed resolution does not need to provide for retroactivity.

2. Mr. Macy states that SWMP allocates grants to community-based recycling and solid-waste reduction projects, and that funds for such projects in the amount of \$600,000, which come from waste-disposal fees paid by San Francisco businesses and residents to Norcal Waste Systems, Inc. for waste-collection, have been included in the FY 1999-2000 SWMP budget. The subject State grant funds in the amount of \$25,000 are in addition to the funds budgeted for the SWMP grant allocations in the FY 1999-2000 budget.

SLUG had applied in FY 1998-99 for a SWMP grant in the amount of \$40,000 to implement the subject compost-marketing program, but the grant was denied due to the unavailability of funds. SWMP will not allocate grants, using available FY 1999-2000 funds, until the end of FY 1999-2000. Therefore, to assist SLUG in obtaining funds to implement the subject compost-marketing program earlier than the end of the 1999-2000 fiscal year, SWMP applied for and was awarded in June of 1999, the subject State CIWMB grant in the amount of \$25,000, earmarked for the development of the compost-marketing program at St. Mary's Urban Youth Farm. Mr. Macy reports that SWMP proposes to allocate the subject State CIWMB grant funds to SLUG.

3. Mr. Macy reports that SWMP awarded SLUG a \$49,000 grant in 1995 to purchase a chipper and other equipment to assist SLUG in developing the chipping service at St. Mary's Urban Youth Farm; and a \$63,460 grant in 1997 to purchase a tractor, tools, and a bagger for bagging the composted materials, to assist SLUG in developing the composting service.

4. According to Mr. Macy, SLUG projects that its annual proceeds from the sale of "Urban Earth" products will be an estimated \$72,500 and that its annual costs for labor and supplies will be an estimated \$64,000. Mr. Macy states that any revenues that exceed costs will be retained by SLUG and will be used by SLUG, in lieu of grant funds, for the purpose of expanding the compost and chipping services and the compost-marketing program.

5. The Attachment is a copy of the Grant Application Information Form prepared by SWMP.

6. The Department has prepared a Disability Access Checklist, which is on file with the Clerk of the Board of Supervisors.

**Recommendation:** Approve the proposed resolution.

File Number: \_\_\_\_\_

**Grant Application Information Form**

A document required to accompany a proposed resolution  
Authorizing a Department to Accept & Expend Grant Funds

To: **The Board of Supervisors**  
**Attn. Clerk of the Board**

The following describes the grant referred to in the accompanying resolution:

1. Department: Solid Waste Mangement Program
2. Contact Person: Jack Macv. Organics Recvcling Coordinator Telephone: 554-3423
3. Project Title: Urban Compost. Recvcling and Market Development Pilot Program
4. Grant Source Agency: California Integrated Waste Management Board
5. Type of Funds: ☐ Federal ☐ Federal-State (Pass-Through) ☒ State ☐ Local ☐ Private
6. Proposed (New / Continuation) Grant Project Summary:  
The urban compost, recycling and market development pilot program at St. Mary's Urban Youth Farm will consist of the following:  
Phase One: development and establishment of a Compost/Recycle Pilot Project at an urban youth farm which also may incorporate use and promotion of other recycled content products or materials such as benches and landscaping products.  
Phase Two: training of farm personnel in use of compost equipment and operations; placement of public educational information boards and production of promotional materials; completion of quarterly progress reports; and preparation of a best practices case study upon which a methodology for developing other urban compost programs can be based.
7. Amount of Grant Funding Applied for: \$25,000
8. Maximum Funding Amount Available: \$25,000
9. Required Matching Funds? Yes: ☐ No: ☒ / Cash or In-kind? \_\_\_\_\_

If yes, list dollar amount and identify source of Matching Funds in Department Budget:

\_\_\_\_\_

10. Number of new positions created and funded: 0

11. If new positions are created, explain the disposition of employees once the grant ends?

\_\_\_\_\_

\_\_\_\_\_

12. Are indirect costs eligible costs for this grant? Yes: \_\_\_\_\_ No: X

If yes, please identify the amount of \$ in indirect costs? \_\_\_\_\_

13. Amount to be spent on contractual services: \$25,000

14. a.) Will contractual services be put out to bid? NO

b). If so, will contract services help to further the goals of the department's MBE/WBE requirements? \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

15. Is this likely to be a one-time or ongoing request for contracting out? one-time

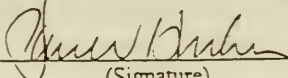
16. Term of Grant: Start-Date: when approved End-Date: June 30, 2000

17. Date Department Notified of Available Funds: June 28, 1999

18. Grant Application Due Date: N/A

19. Grant Funding Guidelines and Options (selected from RFP, grant announcement or appropriations legislation):

N/A

20. Department Head Approval: Paul V. Horcher Director  
(Name) (Title)  
  
(Signature)

Item 5 - 99-1496

**Department:** Public Transportation Commission  
Municipal Railway (MUNI)

**Item:** Resolution approving an agreement between the City and County of San Francisco and the Bay Area Rapid Transit District (BART) authorizing payment from BART to the Municipal Railway (MUNI) for the feeder service which MUNI provides to and from BART stations.

**Description:** The proposed resolution would authorize the Director of Public Transportation to execute an agreement (Agreement) between the City and BART which provides that BART reimburse MUNI in the amount of \$2,066,513 for FY 1998-1999. According to Ms. Linda Coquia of MUNI, such payment is for the BART patrons who use MUNI for the purposes of linking up with BART. This BART payment to MUNI for FY 1998-1999 of \$2,066,513 is \$131,950 more than the BART payment to MUNI for FY 1997-1998 of \$1,934,563.

The Public Transportation Commission adopted Resolution No. 99-078 on July 20, 1999, authorizing the Director of Public Transportation to execute the proposed Agreement with BART for FY 1998-1999.

According to Ms. Coquia, a payment by BART to the City is mandated by the Metropolitan Transportation Commission (MTC). The payment of \$2,066,513 for FY 1998-1999 is based on the prior year's payment, which was \$1,934,563 for FY 1997-1998, with adjustments for changes in the amount of funding allocated to BART from the collection of Sales Taxes in three of the four counties BART travels through - San Francisco, Alameda and Contra Costa. Ms. Coquia advises that although San Mateo County is traversed by BART, its residents are not charged Sales Taxes to provide funding for BART.

**Comments:** 1. Ms. Coquia reports that MUNI's FY 1998-1999 budget included an estimated payment from BART of \$2,037,094, or \$29,419 less than the proposed payment of \$2,066,513. According to Ms. Stella Ong of the Controller's Office, the

surplus revenue of \$29,419 resulted in a reduced General Fund contribution to MUNI in FY 1998-1999.

2. Ms. Coquia advises that BART has made annual payments to MUNI, under agreements similar to the proposed Agreement, since FY 1986-1987. The Attachment, provided by Ms. Coquia, contains a schedule of such annual payments made to MUNI by BART since FY 1990-1991.

3. The proposed Agreement contains a mutual indemnification provision which states that the City and BART agree to indemnify, save harmless and defend each other, each other's officers, agents and employees from legal liability of any nature or kind on account of any claim for damages to property or personal injuries to or death of person or persons incurred by reason of any act, or failure to act, of either party, its officers, agents, employees and subcontractors, or any of them, in performing any duties required by this Agreement, unless such claims arise out of the sole negligence of either party, its officers, agents or employees.

According to Mr. Keith Grand, the City's Risk Manager, the additional risks to the City as a result of the mutual indemnification provision contained in the proposed Agreement are negligible, and Mr. Grand has recommended approval of the mutual indemnification provision.

**Recommendation:** Approve the proposed resolution.



BART TRANSFER PAYMENTS TO MUNI FOR FEEDER SERVICE  
FROM FY 1991 THROUGH FY 1999

Source: BART Budget Dept. & MUNI ONLINE FAMIS

<u>Fiscal Year</u>	<u>Payments</u>	<u>% Increase</u>
1990-91	\$1,537,600	
1991-92	1,562,100	1.59%
1992-93	1,511,900	-3.21%
1993-94	1,546,252	2.27%
1994-95	1,574,119	1.80%
1995-96	1,650,823	4.87%
1996-97	1,806,913	9.46%
1997-98	1,934,563	7.06%
1998-99	2,066,513	6.82%

**Note:**

BART Feeder calculation of the annual transfer payment from BART to MUNI is based on the prior year's payment and the rate of growth of BART Sales Tax Revenue over the prior two years.



Item 6 – File 99-1522

**Department:** Department of Public Works (DPW)

**Item:** Hearing to consider the release of reserved funds in the amount of \$622,661 to fund the reconstruction of three alleyways in Chinatown as part of the Chinatown Alleyway Improvement Project.

**Amount:** \$622,661

**Source of Funds:** Special Gas Tax Improvement and Road Funds

**Description:** In September of 1994, the Board of Supervisors approved a supplemental appropriation (Ordinance 355-94) of Special Gas Tax Improvement and Road Funds in the amount of \$3,835,000 to finance the following two capital improvement projects:

Chinatown Lighting Improvement Project	\$897,000
Chinatown Alleyway Improvement Project	<u>2,938,000</u>
Total	\$3,835,000

When the Board of Supervisors approved the supplemental appropriation request in September of 1994, they approved appropriations in the amount of \$1,535,000 and placed \$2,300,000 on reserve (\$3,835,000 less \$1,535,000) for the Chinatown Alleyway Improvement Project, pending the selection of contractors and the submission of budget details.

The proposed release of reserved funds in the amount of \$622,661 would authorize the Department of Public Works (DPW) to use funds for the reconstruction of three Chinatown alleyways: Ross Street, Commercial Street, and Cordelia Street. Approval of this proposed release of funds would leave \$1,677,339 on reserve (\$2,300,000 less \$622,661).

**Budget:** The budget for the proposed Chinatown Alleyway Improvement Project is as follows:

Construction Contract:	\$508,381
12% Construction Contingency	<u>61,000</u>
Subtotal	\$569,381
Engineering and Construction Management	<u>53,280</u>
Total	\$622,661

Attachment I, provided by DPW, contains the budget details for their request of \$622,661.

**Comments:** 1. According to Mr. Sherman Hom of DPW, DPW is responsible for the planning and design of the Chinatown Alleyway Improvement Project and for the administration of the construction contracts for the Project.

2. Mr. Hom states that the proposed improvements to the three alleyways are as follows:

Commercial Street, a one-block alleyway located between Grant Avenue and Kearny Street

Demolish the existing street, repair with concrete and special brick and replace the water main. The water main replacement would be paid for by the Public Utilities Commission (PUC) (see Comment 3).

Ross Street, a one-block alleyway located between Washington and Jackson Streets

Demolish the existing street, reconstruct with concrete paving, place commemorative bronze plaques, and reconstruct sewer. The sewer reconstruction would be paid for by the PUC.

Cordelia Street, a one-block alleyway located between Broadway Street and Pacific Avenue

Demolish the existing street and reconstruct with concrete paving.

3. Mr. Hom reports that MH Construction Management Company, Inc., who submitted the low bid for the project in the competitive bid process, would be awarded the

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

construction contract for this project. The bid amount is as follows:

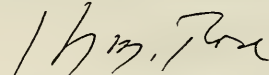
Alleyway reconstruction*	\$508,381
Water main and sewer replacement**	<u>133,732</u>
Total	\$642,113

\* The construction contract for the reconstruction of the three alleyways in the amount of \$508,381 is included in the budget details for the proposed request for the release of funds (see Budget).

\*\* The contract for the replacement of the Commercial Street water main and Ross Street sewer reconstruction in the amount of \$133,732 will be paid for by funds provided by the Public Utilities Commission and is not the subject of this proposed release of reserves.

Attachment II is a list of all the companies which submitted bids, their MBE/WBE status, and the amounts of their bids.

**Recommendation:** Approve the release of \$622,661 in reserved funds.

  
Harvey M. Rose

cc: Supervisor Yee  
Supervisor Bierman  
President Ammiano  
Supervisor Becerril  
Supervisor Brown  
Supervisor Katz  
Supervisor Kaufman  
Supervisor Leno  
Supervisor Newsom  
Supervisor Teng  
Supervisor Yaki  
Clerk of the Board  
Controller  
Legislative Analyst  
Matthew Hymel  
Stephen Kawa  
Ted Lakey

**BOARD OF SUPERVISORS**  
**BUDGET ANALYST**

## PROJECT DESCRIPTION

A master plan to renovate a total of 31 alleys in Chinatown was completed by the non-profit group Chinatown Community Development Center formerly known as the Chinatown Resource Center. As a consultant to DPW, they completed community outreach and worked jointly with DPW to complete design of the first construction contract. The second contract is already in the design development stage. The goal is to renovate all 31 alleys in the next ten years with this first construction contract as the pilot. Among the benefits of renovating Chinatown's alleys are (1) a reduction in illegal parking and vehicle access, thereby improving pedestrian safety; (2) an increase in accessibility for the disabled and elderly; (3) a reduction in illegal dumping through the consolidation of dumpster areas; (4) the creation of open space through landscaping and installation of seating where appropriate; (5) the provision of attractive and safe secondary streets for tourists, resulting in economic benefits for Chinatown; and (6) an improvement in the overall quality of life for Chinatown's residents.

The release of reserve to fund this first construction contract will demonstrate progress to the community and keep the momentum moving forward in achieving the goal of completing the renovation of all alleys identified in the master plan.

## PROJECT BUDGET

The amount requested for release will fund construction of the first phase of work. Supplemental Appropriation Requests to release funds will be submitted for future construction phases of this project.

Note: The construction contract amount below is the low bid amount minus cost of work funded by PUC.

Construction Contract	\$508,381
12% Construction Contingency	<u>61,000</u>
Subtotal	\$569,381

Engineering and Construction Management	\$53,280
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### DPW Engineering and Construction Management

Position	Hourly Rate	Total Hours	Total Amount
5275 Sr. Landscape Architect	104	70	\$7,280
5210 Sr. Civil Engineer	104	15	1,560
5208 Civil Engineer	87	40	3,480

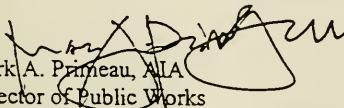
Release of Reserve Request  
 Chinatown Alleyway Improvement Project  
 August 5, 1999  
 Page 3

5206 Associate Civil Engineer	75	100	7.500
6318 Construction Inspector	70	360	25.200
5305 Materials Testing Technician	52	60	3,120
1426 Sr. Clerk Typist	43	60	2.580
1314 Public Relations Officer	64	40	2.560
<b>Total</b>		<b>745</b>	<b>\$53.280</b>

<b>Total Amount Requested to be Released</b>	<b>\$622.661</b>
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For any questions related to this Release of Reserve Request, please call Sherman Hom of my staff at 558-4488.

Sincerely,

  
 Mark A. Primeau, ALA  
 Director of Public Works

Cc: Sherman Hom, DPW  
 Harvey Rose, Budget Analyst ✓

#### ATTACHMENTS

- A- Ordinance No. 355-94
- B -Bid Tabulation Sheet
- C- Human Rights Commission Recommendation for Award
- D-Location Map of Alleys

City and County of San Francisco  
Department of Public Works  
TABULATION OF BIDS

SPEC NO.: 1034N  
TITLE: Chinatown Alleyway Improvements  
Phase 1  
Commercial, Cordelia and Ross

BIDS RECEIVED: June 16, 1999

BIDDERS:	M H Construction Management Co., Inc.	<u>Bid Discount</u>	<u>Base Bid</u>
	Troy/Ghiotti Brothers a Joint Venture	MBE/BE	642,113
		MBE/BE/JV 7.5%	772,830
		Average Bid:	707,471
		Engineer's Estimate:	578,142
		% of Engineer's Estimate:	122%

APPARENT LOW BIDDER: M H Construction Management Co., Inc.  
1418 Yosemite Avenue  
San Francisco, CA 94124  
Tel (415) 822-8891

SUBCONTRACTORS:	Leif E & H Electric	Electrical	15,000	
	Vargas & Esquivel	Concrete Paving / A C Paving	40,000	
	Shaw Guehneman	Demo/Excavation	114,000	
	Shaw Pipelines Inc.	Underground	60,000	
cc:	Sharmen Hom	Marian Kelly	DPW Accounting	Helen Liu
	Mark Primeau	Don Eng	Maurice Williams	All bidders
	Linda Chin	Foon Chow	Bill Webb	

SLW

June 16, 1999

Post-It® Fax Note	7671	Date	8/10	# of pages	1
To	Sharmen Hom		From		
Co./Dept.			Co.		
Phone #			Phone #	1034N	
Fax #	558-6032		Fax #		

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